



Daily Report

East Asia

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Japan, ROK, U.S. Reaffirm Joint Stance on DPRK

OW2407145896 Tokyo KYODO in English

1433 GMT 24 Jul 96

[By Takehiko Kajita and Tim Johnson]

[FBIS Transcribed Text] Jakarta, July 24 KYODO - Foreign ministers from Japan, South Korea and the United States reaffirmed Wednesday the three countries will strenuously continue to try persuading North Korea to join proposed quadrilateral talks to secure peace on the Korean peninsula.

In a 30-minute talk in Jakarta, Japanese Foreign Minister Yukihiko Ikeda, South Korean Foreign Minister Kong No-myong and U.S. Secretary of State Warren Christopher also agreed to jointly call on other nations to fund an international consortium aimed at containing North Korea's alleged push for nuclear arms, a Japanese official said.

At the outset of the meeting, Christopher reminded the other two that their three countries need to continue cooperating in addressing issues associated with the situation on the Korean peninsula, the official said.

He then noted that despite U.S. and South Korean efforts to have the north join the proposed peace talks with them and China, Pyongyang has yet to accept the overture, the official said.

Christopher and Kong said they should continue trying to persuade North Korea to discuss a permanent peace regime on the peninsula, according to the official.

The Japanese official said the three did not compare notes on the possibility of Pyongyang leaning toward a Washington-Seoul joint briefing on the peace proposal.

But a senior U.S. official said the foreign ministers did talk about "the prospects for getting North Korea to come at least to a joint briefing by us and the South Koreans."

Meanwhile, Ikeda welcomed the U.S. and South Korean joint initiative, adding Tokyo has consistently supported the four-party talks proposal since it was floated by U.S. President Bill Clinton and South Korean President Kim Yong-sam in April.

While Christopher said the U.S. will keep in touch with China on the matter, Kong pointed out that the three countries should consider ways to integrate North Korea into international society.

He then delineated the need to continue encouraging other countries, especially the nations of the 15-member European Union and the seven members of the Association of Southeast Asian Nations, to fund the Korean

Peninsula Energy Development Organization (KEDO), the Japanese official said.

Kedo is a U.S.-led consortium set up to provide North Korea with two modern nuclear power reactors in exchange for a freeze on Pyongyang's nuclear program suspected of being used to develop nuclear arms.

Christopher added the U.S. Government is trying to secure the full 25 million dollars for funding shipments of heavy oil to North Korea. The U.S. Congress has so far allowed the government to contribute only 13 million dollars.

Noting the three agreed on "the urgent need to get more assistance for KEDO," the senior U.S. official said Christopher "explained how he was going all-out on the domestic front with Congress."

In the trilateral meeting, Ikeda expressed Tokyo's readiness to host the third subcommittee-level meeting to coordinate views on North Korea, possibly in October, the Japanese official said.

Christopher and Kong accepted the offer. The three countries have held two rounds of such talks, first in Honolulu in January and then on South Korea's Cheju Island in May.

ROK, U.S., Japan Agree To Provide DPRK Food, Ease Sanctions

SK2407051496 Seoul YONHAP in English

0443 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 (YONHAP) — South Korea, the United States and Japan agreed here Wednesday to provide additional food aid to North Korea and to ease U.S. economic sanctions on the communist country in a bid to induce it to participate in the proposed four-nation meeting on the Korean peninsula's peace issue.

The agreement was reached at a three-way meeting of South Korean Foreign Minister Kong No-myong, U.S. Secretary of State Warren Christopher and Japanese Foreign Minister Yukihiko Ikeda held at the Hilton Hotel, diplomatic sources said.

The three foreign ministers exchanged views on Pyongyang's shelving of an official response to the four-way meeting jointly proposed by Seoul and Washington and discussed ways of inducing the North Koreans to attend the joint South Korea-U.S. explanation meeting on the four-nation meeting proposal.

Kong and Christopher, assessing Pyongyang's unofficial response made during the recent contact with Washington, have agreed to advise Pyongyang of their explanation meeting schedule through diplomatic channels, as

they expect Pyongyang to make a positive response to the meeting in the near future.

Additional food aid, easing U.S. economic sanctions, resuming the suspended Pyongyang-Tokyo normalization talks, increasing inter-Korean economic cooperation, including increased investment in the North, and South Korean companies' participation in the Tumen River development project are among the measures they agreed to take to induce the North Koreans to attend the proposed four-nation meeting.

Secretary Christopher said Washington would ease its economic sanctions on North Korea, even before Pyongyang announces its official response to the proposal, in an attempt to bring the North Koreans to the proposed meeting.

The three foreign ministers also agreed to maintain close cooperation among their nations in carrying out the light-water nuclear reactor construction project in North Korea.

ASEAN Notes U.S. Policies 'Inconsistent' With WTO Accords

BK2407150696 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 24 Jul 96

["Statement" by Ali Alatas, Indonesian foreign minister and ASEAN chairman, on behalf of ASEAN, to U.S. Secretary of State Warren Christopher at the ASEAN Post Ministerial Conference Dialogue Partner meeting between ASEAN and the United States, in Jakarta, on 24 July]

[FBIS Transcribed Text] Excellency and Distinguished Colleagues, Ladies and Gentlemen:

On behalf of my ASEAN Colleagues, I wish to extend to you, Mr. Secretary, and to the distinguished members of your delegation a warm welcome to this annual session of the Post Ministerial Conferences (PMC) between ASEAN and the United States of America.

To us in ASEAN, your presence here today, Mr. Secretary, signifies the commitment of the United States to its dialogue partnership with ASEAN which has already lasted two decades. It has been a mutually rewarding partnership. This meeting accords us the opportunity to assess the progress that we have achieved in those two decades and to explore possible future directions that we can take in the pursuit of common development and security goals.

For it is in the shared interest of the United States and ASEAN that the Asia-Pacific region remain an area of peace, stability and economic dynamism. It is therefore essential that the United States and ASEAN

should not only remain engaged but should intensify their cooperation in the political and security field as well as development.

We appreciate the active participation of the US in the inter-sessional meetings of the ASEAN Regional Forum (ARF), especially its co-chairing with Singapore the recent inter-sessional meeting on Search and Rescue coordination and cooperation (ARF ISM-SAR) in the Asia Pacific held in Honolulu. This inter-sessional meeting has certainly contributed to the growth of mutual trust and confidence among ARF participants.

Mr. Secretary:

Economic cooperation and trade between the United States and ASEAN have been increasing significantly. For a good number of years now, ASEAN has been the fastest growing major market for US exports. Since 1990, for instance, US exports to ASEAN has increased by 109 percent. On the other hand, the United States now accounts for one-fifth of ASEAN's aggregate global trade and ranks second only to Japan as ASEAN's trading partner. However, we cannot but observe with deep concern the recent tendency of the US Government to impose extra-territorially some domestic economic policies which are inconsistent with the WTO agreements.

We anticipate a further substantial expansion of ASEAN-US trade relations upon completion of the AFTA [ASEAN Free Trade Area] which will enlarge the already sizable ASEAN market. Once ASEAN becomes a free trade area, we can expect it to become an ideal base for manufacturing enterprises, making it all the more attractive to foreign direct investors, including US investors. Today, direct US investments in the ASEAN countries are already steadily growing. According to data released by the US Department of Commerce, the value of US investments in the ASEAN countries more than doubled in a period of four years, from \$11.793 billion in 1990 to \$24.5 billion in 1994.

The bulk of direct US investments in ASEAN countries are in manufacturing and petroleum representing respectively 40 percent and 33.7 percent of total US investments in ASEAN. The rest are in services and others. In this regard, ASEAN wishes to invite US investors to look into exceptionally promising sectors such as infrastructures including building, and construction, energy and minerals, food production and packaging. We are also ready to consider opening up further our telecommunication and information technology sectors.

Mr. Secretary:

One reason US investments are so welcome in ASEAN is that we are hoping, they would be duly attended by

technology transfers which would help enhance the human resources development endeavours of the ASEAN countries. We also hope that our trade and investment promotion activities such as seminars, workshops and meetings among the government and private sectors of both parties will be intensified. These have proven to be very effective in boosting trade and the flow of investment into ASEAN countries.

We in ASEAN look forward to the implementation of the projected US-ASEAN Alliance for Mutual Growth (AMG) as proposed by the US at the AEM-USTR Meeting in Seattle. The cooperative programmes envisioned in this initiative will undoubtedly encourage the development of SMEs, technology flows, human resources development, trade and commercial ties, infrastructures building, cooperation in standards, and environmental protection. ASEAN would like to suggest that the ASEAN-US Business Council (AUSBC) be more actively engaged in the AMG programme. Aware of the pivotal role of the private sectors of both sides in expanding commercial and economic linkages, ASEAN would welcome their vigorous involvement in the AMG, especially if the public-private partnership thus formed would concentrate on priority areas.

ASEAN continues to regard development cooperation as an integral part of our dialogue relations. ASEAN therefore highly appreciates the contributions of the United States Agency for International Development (USAID) and its support for ASEAN projects. Much to our dismay, however, the funding provided through Private Investment and Trade Opportunities (PITO) has come to an end, thus leaving only the Environment Improvement Programme (EIP) as the sole funding source.

ASEAN would welcome any expansion of development cooperation activities into the social and cultural fields in order to strengthen cultural links between ASEAN and the US. The fostering of people to people contacts is indispensable for the promotion of mutual awareness and understanding between our peoples. This cooperation could be intensified through undertakings similar to the USIA's Fulbright programmes which promote cultural, artistic and educational activities and exchanges.

Mr. Secretary:

We are confident that this dialogue process will continue to serve as an effective vehicle for enhancing the ties of friendship and cooperation between the United States and ASEAN.

I hope that from these discussions the US and ASEAN will achieve greater understanding of each other's views on a wide range of complex issues and concerns.

Malaysia's Badawi Welcomes PRC's Qian Qichen to ASEAN

BK2407133396 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 24 Jul 96

["Statement" by Malaysia's foreign minister, Datuk Abdullah Ahmad Badawi, on behalf of ASEAN, to Qian Qichen, China's vice premier and foreign minister, at the ASEAN Post Ministerial Conference Dialogue Partner meeting between ASEAN and China, in Jakarta, Indonesia on 24 July]

[FBIS Transcribed Text] The Honourable Qian Qichen, Vice-Premier and Minister of Foreign Affairs of the People's Republic of China:

ASEAN Colleagues Excellencies Ladies and Gentlemen:

It gives me real pleasure, on behalf of my ASEAN colleagues, to extend to Your Excellency and members of your delegation a very warm welcome to this inaugural session of the Post Ministerial Conferences 7+1 between ASEAN and China.

The elevation of the People's Republic of China as a full dialogue partner is another important event in the history of ASEAN. On behalf of my ASEAN colleagues, allow me to again offer our sincere congratulations and warm welcome to you and the People's Republic of China on this special occasion. The PRC's elevation as a full dialogue partner is testimony to the importance that ASEAN attaches to its relations with the PRC, and comes as a natural progression from the earlier consultative partner relations, that we have had since 1992.

Since the inception of relations between ASEAN and the People's Republic of China, our two sides have made significant progress in various areas of cooperation, namely political and security (through the ARF [ASEAN Regional Forum]) and also in Science and Technology, Economic and Trade through the two existing committees, under the framework of our consultative relations. ASEAN and PRC cooperation, will certainly be deepened further now that the PRC has become a full dialogue partner. Officials of both sides shall now work together on the mechanisms to manage our dialogue process, both in the functional and political areas.

ASEAN and China are developing nations, located in the same part of the world; and this, therefore, requires us to cooperate to establish our principal goal of peace and stability in the region and development and growth of our economies. At the global level, both ASEAN and China firmly subscribe to the principles embodied in the UN Charter. Similarly, both ASEAN and the People's

Republic of China have stood firm on the principle that differences in political, economic and social systems should not be a hindrance to strengthening friendly relations and cooperation.

Your Excellency:

It is ASEAN's sincere desire to continue to undertake and encourage even closer bonds of friendship between ASEAN and China. Undeniably there is much more to be achieved specifically in the fields of commerce, economic and technical cooperation. Our economies continue to enjoy dynamic growth, particularly in the area of international trade. However, trade pattern between ASEAN and the People's Republic of China has, up to now, focused on primary commodities and there is vast potential for growth in manufacturing and value added products. We have consistently believed that vast opportunities exist for expansion of our trade. In this respect, ASEAN hopes that China would further liberalise its import market to take in more value-added products from ASEAN which include manufactured and semi manufactured products particularly when the ASEAN Free Trade Area (AFTA) is fully implemented in 2003, ASEAN will become an open market for competitive goods including those from the People's Republic of China. ASEAN welcomes increased investment and trade with China.

The constantly changing international political environment makes it necessary for us to promote constructive political and security cooperation to ensure that our peoples continue to enjoy a secure and stable environment in the Asia-Pacific area ASEAN and China share a common aspiration to safeguard and promote peace and stability in our part of the world. However, China's declaration of 15th May 1996 on its baselines have raised some questions in ASEAN. We hope to receive some clarification from China on this declaration and what it means. We welcome China's commitment to resolve through peaceful means the issue of the South China Sea with member countries of ASEAN. Our discussions on a bilateral basis and on the basis of ASEAN-China dialogue need to be more focussed on this issue with the objective of working out an acceptable solution. ASEAN had since November 1971 declared southeast Asia as a zone of peace, freedom and neutrality. We would like to see China subscribing to ASEAN's initiative to turn Southeast Asia a nuclear weapon free zone as embodied in the Treaty on Southeast Asia Nuclear Weapon Free Zone signed by the ASEAN Heads of State/Government in December 1995. ASEAN sees this as an important and critical development in our effort to contribute to the final elimination of nuclear weapons.

Your Excellency:

Your presence here as a full dialogue partner of ASEAN presents us with an opportunity to exchange views on important matters in order to enhance relations between our two sides and further move forward together to promote our common interest and aspirations.

My colleagues and I are confident that our deliberations today would not only be fruitful but add new strength to ASEAN-China relations.

Thank you.

PRC's Qian Qichen Hails Relations With ASEAN

BK2407134796 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 24 Jul 96

["Opening Statement" by Qian Qichen, vice premier and foreign affairs minister, in response to Malaysian Foreign Minister Badawi's statement at the Dialogue Partner meeting between ASEAN and China, in Jakarta, Indonesia, on 24 July]

[FBIS Transcribed Text] Your Excellency Datuk Abdullah Badawi, Colleagues and Friends:

I am very glad to have the first official dialogue with ASEAN, represented by Your Excellency. Now China has become ASEAN's full dialogue partner. This new relationship has opened up broad prospects for the development of relations between China and ASEAN at a higher level. We are delighted to have Malaysia serve as the ASEAN coordinator in its relations with China. We look forward to closer cooperation with Malaysia and other ASEAN countries in the future.

China has followed with great interest the development of ASEAN. In the nearly thirty years since its founding, ASEAN has dedicated itself to strengthening political unity and economic cooperation among its members and achieved remarkable results. The integration of the ten Southeast Asian countries towards the end of the century will mark the success of the spirit of regional cooperation fostered by ASEAN. ASEAN is also playing an increasing role in maintaining regional peace and stability. The development of ASEM [Asia-Europe Meeting], APEC and ARF [ASEAN Regional Forum] are inseparable from the active diplomatic efforts of ASEAN. China holds ASEAN achievements in high regard.

To develop long term, good neighborly and friendly relations with ASEAN is an important component of China's foreign policy. Thanks to the concerted efforts of both sides over the years, the cooperation between China and ASEAN has made substantial progress in all fields.

Politically, the two sides have maintained frequent exchanges of high-level visits and dialogues at all levels since 1991. I have attended at invitation the AMM [ASEAN Ministerial Meeting]-related functions every year and held productive consultations with my ASEAN colleagues. A system of regular senior officials consultation has been established between the two sides, which has effectively enhanced understanding and mutual trust.

Economically, the two sides have enjoyed a satisfactory cooperation. Since the end of 1980s, our bilateral trade has grown at an average annual rate of 20%, approaching US\$20 billion last year. ASEAN has become China's sixth largest trading partner. The two sides have also conducted fruitful and mutually beneficial cooperation in the areas of banking, project contract and labor contract. In 1994, the China-ASEAN Joint Economic and Trade Committee and China-ASEAN Joint Scientific and Technological Committee were established, giving a boost to our cooperation with various ASEAN countries in the economic, trade, scientific and technological fields.

In international and regional affairs, we have increased our coordination and mutual support. China and ASEAN countries have cooperated successfully in regional political dialogue and economic cooperation as well as in the United Nations and other major global affairs.

It is not accidental that China and ASEAN have enjoyed a growing relationship of friendship and cooperation. Today, with quickened pace of multipolarization and higher world status for Asia, China and ASEAN, both new and rising forces and developing countries in Asia, have seen their common ground and mutual interests steadily increasing while striving for their own development and prosperity in the whole region.

First, we all concentrate on economic development and improvement of people's livelihood. To this end, we have chosen our respective courses of development suited to our national conditions and defined our grand long-range objectives.

Second, both China and ASEAN attach great importance to ensuring a peaceful and stable environment in our region and are making concrete efforts for its maintenance and enlargement.

Third, we all hope to increase our political dialogue and economic cooperation, actively support and participate in regional cooperation and contribute to an Asia that enjoys stability and common prosperity.

Fourth, we share mutual interests and hold identical propositions for the establishment of a new international

order and the maintenance of the legitimate rights and interests of developing countries.

Fifth, both China and ASEAN observe the basic principles of non-interference in each other's internal affairs and peaceful settlement of disputes between states, stand for dialogue and cooperation, oppose confrontation and power politics, and maintain that all countries, big or small, should respect each other and treat each other completely as equals.

China is now a full dialogue partner of ASEAN, a fact that holds out a great opportunity for bilateral friendship and cooperation. With the new century around the corner, to establish a China-ASEAN partnership of good-neighborliness and mutual trust, a partnership oriented towards the 21st century, should be the common objective for all of us.

ASEAN, Beijing Agree To Continue Talks on Disputed Waters

BK2507081196 Bangkok THE NATION in English
25 Jul 96 p A2

[Report by Don Pathan and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Jakarta — China and the Association of Southeast Asian Nations (ASEAN) agreed yesterday to continue their dialogue over the South China Sea, including the controversial new baselines drawn by China.

Malaysia's Foreign Minister Abdullah Ahmad Badawi, who chaired the ASEAN-China meeting yesterday, said the territorial disputes in the South China Sea and the May 15 Chinese declaration of the baseline was raised and briefly discussed. He did not elaborate. "Our discussions on a bilateral basis and on the basis of the ASEAN-China dialogue need to be more focussed on this issue with the objective of working out an acceptable solution," he added.

Senior ASEAN officials said they were not satisfied with the explanation given by Chinese Foreign Minister Qian Qichen that China considers itself "a mainland country with a lot of islands."

ASEAN countries have expressed strong concern after China drew a new baseline between Hainan Island and the disputed Paracels in a straight line that would include the archipelago into its internal water. It would expand China's territory in the South China Sea by some 2.6 million square kilometres.

They have been urging China to clarify on what legal basis it had drawn the baseline because according to the UN convention only archipelagic states can draw a straight line.

China is not one of the 10 countries recognised by the UN convention as an archipelagic state.

Vietnam and the Philippines registered a strong protest immediately after Beijing announced its baseline declaration with the former declaring that the Chinese action was "a violation of Vietnam's sovereignty."

Indonesia, which studied the Chinese baseline, recently submitted an aide-memoire asking Beijing to clarify its new mapping.

Badawi said Qian did not give any explanation to the questions asked by Indonesia. But he said there was progress because at least "we agreed to talk about it."

Before they refused to talk about it, now we are talking about it," he said.

He added that since the aide-memoire was submitted to Beijing by Jakarta, China would probably address it reply directly to Indonesia.

Philippine Secretary for Foreign Affairs Domingo Siazon said last night that the legal aspect over the issue has been clearly stated in the Indonesian aide-memoire. He added that under the UN convention, China is not considered an archipelagic state.

He said both China and other claimants will certainly have to continue their discussions over the issue. There are still many question left unanswered."

Rudolfo Severino, Philippine under secretary for foreign affairs, also said that the meeting agreed to have legal experts hold discussions over the disputes in the South China Sea and the baseline.

Severino said Manila remained concern over the continued presence of Chinese personnel and facilities on Mischief Reef, which is only some 85 kilometres from Palawan of the Philippines.

Siazon said he believed the inter-sessional support group on confidence building measures which China and the Philippines co- chair, can be another forum to help resolve the South China Sea disputes.

China will hold a meeting of the inter-sessional group in March next year in Beijing.

Singapore Minister: ASEAN Committed to 'Partnership' With India

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["Opening statement" by S. Jayakumar, Singapore's foreign minister, on behalf of ASEAN, to I.K. Gujral, India's foreign minister, at the ASEAN Post Ministerial

Conference Dialogue Partner meeting between ASEAN and India, in Jakarta, Indonesia, on 24 July]

[FBIS Transcribed Text] Excellencies, Ladies and Gentlemen:

ASEAN and India: A New Partnership

1. It gives me great pleasure, on behalf of my ASEAN colleagues, to welcome His Excellency, the Minister of External Affairs, Mr. Inder Kumar Gujral to this ASEAN Post-Ministerial Conference. This meeting, India's first participation in the PMC [Post Ministerial Conference] process as a full dialogue partner of ASEAN - marks the beginning of a new era in ASEAN-India relations. I hope that our discussion today will lay a solid foundation for the enhancement of ASEAN-India cooperation in all areas.

2. The decision to upgrade India to a full dialogue partner of ASEAN was taken by the ASEAN leaders when they met at the Fifth ASEAN Summit in Bangkok last December. They recognised India's growing political, economic and strategic importance and the mutual benefits to be gained by both India and ASEAN through closer cooperation. India stands today as a strong economy with a GNP of more than US\$280 billion with an enormous potential for rapid growth. In Purchasing Power Parity (PPP) terms, India's GNP has already reached \$1.2 trillion and is now ranked fifth in the world. You can provide ASEAN, with vital links to the Indian Ocean. ASEAN, on the other hand, can be India's springboard into the Asia-Pacific. It would be hard to imagine an Asia-Pacific Century without India's participation.

3. Three years ago, when ASEAN and India embarked on a Sectoral Dialogue relationship, it was a tentative start. Until then, our relations had been cordial but our priorities and preoccupation's had been different.

4. It has therefore been a matter of great satisfaction to both sides that this cautious first step has led to a rapid growth in our relations. In the short span of three years, we have made substantial progress in our cooperation in the areas of trade and investment, tourism, and science and technology. In trade alone, from 1991 to 1995, Indian exports to ASEAN grew annually at a rate of 40% and imports from ASEAN at a rate of 23%. These figures compare very favourably with India's trade growth with its other traditional trading partners. During the same period, India's exports to the US grew by 28%, to Japan by 18% and to the EU by 24%, its imports from the US grew by 15%, from Japan by 17% and from the EU by 13%.

5. It is now timely to build upon the foundation laid by the Sectoral Dialogue relationship. Upgrad-

ing ASEAN's relations with India to a higher plane represents ASEAN's commitment towards a new and stronger partnership with India. This next phase in ASEAN-India ties will enable us to establish a more robust relationship and work closely together to achieve economic prosperity and a greater security for the peoples of our two regions. To achieve this, we must take bold strides to collaborate closely and more importantly, continuously explore and enter into new areas of cooperation.

Political and Security Cooperation

6. Preserving the security and stability of the region is a key goal for ASEAN. It is only in a peaceful environment that we can focus our energies and resources on economic development and growth. Through our dialogue relationships, we engage key regional players to help us promote and preserve regional stability. India, given its size and strategic location in the Indian Ocean, can play a constructive and positive role in contributing to the stability of the region. In this regard, we are pleased to have India in the ASEAN Regional Forum (ARF). Your first participation in the Third ARF would leave indicated to you the important role the ARF can play in enhancing the security and stability of the region.

7. ASEAN also attaches great importance to bilateral consultations with India on important regional and world political events. It is for this reason that ASEAN has suggested the establishment of an ASEAN-India Senior Officials Meeting (SOM) to discuss political issues. We look forward to a fruitful and candid exchange of views at this forum.

Economic Linkages

8. Trade and Investment Linkages the success of the Sectoral Dialogue underscores the strong economic compulsions for closer cooperation between ASEAN and India. ASEAN, riding on the crest of the rapid economic growth in the region, is venturing beyond its shores to expand its economic linkages. India, which has traditionally been looking West, is looking at Southeast Asia and the Asia-Pacific for trade and investment opportunities.

9. This new dynamic augurs well for ASEAN-India economic ties. As India's economic reforms bear fruit and as ASEAN grows in membership, there will be new opportunities for closer cooperation in trade and investment. ASEAN investments could add impetus to India's economic reforms. India, on the other hand, can share with us its expertise in areas such as scientific and technological research. An expanded ASEAN will

also be an important market and investment location for Indian companies.

10. I understand that our senior officials have already floated some ideas for facilitating trade and investment flows between the two sides. We should pursue these proposals. The ASEAN Free Trade Area (AFTA), an important element in ASEAN, is in the process of developing links with other key growth regions. An AFTA-India Linkage is a conceivable long terms vision we can work towards. If realised, it will bridge two major Asian trading entities.

11. These proposals, and other initiatives, if deemed mutually beneficial, can be launched at the First ASEAN-India Joint Cooperation Committee (JCC) meeting tentatively scheduled to meet in New Delhi later this year.

12. Private Sector Cooperation ASEAN has learnt from its experience that the private sector is the main driving force behind successful trade and investment initiatives. Governments could provide the framework and policies for economic cooperation. But without the efforts of our sectors, even the best plans and policies would not work.

13. There is a strong imperative for us to focus on building a strong network between our private sectors. It could be done, through joint organisations, business conferences and seminars. The success of the Global Indian Entrepreneurs Conference held in Singapore last month testifies to the importance and benefit of such networking and information exchange activities. I therefore fully support the intention to broaden the ASEAN-India business network and energise ASEAN-India Business Council (AIBC). The AIBC should focus on businessmen who need the most help, namely the Small and Medium Enterprises (SMEs). The SMEs constitute a strong entrepreneurial class in India and the ASEAN economies. We should provide them with a predictable and conducive framework to come together to explore the possibility of combining their forces and resources in joint ventures.

Science and Technology

14. India is a recognised leader in R&D and has been in the forefront of science and technology. In recent years, ASEAN countries have also made significant strides in areas such as biotechnology and information technology. There is great potential for closer collaboration between ASEAN and India in these areas. In this regard, ASEAN supports India's proposal to establish a Working Group to explore cooperation in Science and Technology. The synergy of our strengths in this area will help us meet the challenges of our industrialisation

drive and help us keep abreast with global technological progress.

Cultural, Tourism and Educational Linkages

15. In our cooperation with each other, we are fortunate to enjoy close historical and cultural ties. This promotes mutual trust and confidence which makes for good rapport between our peoples. As we focus on developing economic and political links, it is important that we continue to strengthen our cultural links. We would reap long-term gains if we start investing in strengthening our bridges now. This could be done through developing tourism, cultural, educational and other institutional linkages. Given the cultural and geographical diversity, and the richness of the ASEAN region and the Indian sub-continent, there is plenty of scope for cooperation in these areas.

Conclusion

16. The ASEAN-India relationship has matured significantly. The task ahead is to build upon the existing foundations. This first ASEAN-India dialogue is the start to an expanded and enriching partnership. The tremendous potential, resources and energies of both regions must be well tapped and harnessed to achieve mutual prosperity in the long run. ASEAN is ready and committed to work closely with India in order to make this New Partnership a success.

Indian Minister Speaks at ASEAN Dialogue Partner Meeting

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[“Statement” by Indian Foreign Minister I.K. Gujral in response to Singaporean Foreign Minister S. Jayakumar’s statement at the Dialogue Partner meeting between ASEAN and India, in Jakarta, Indonesia, on 24 July]

[FBIS Transcribed Text] Your Excellency Prof. Jayakumar, Your Excellency Datuk Ajit Singh and distinguished ASEAN representatives:

It is a matter of inestimable privilege, to me to be part of this pioneering effort to forge a special relationship between India and ASEAN under the auspices of the Full Dialogue Partnership. I would once again like place on record our deep appreciation of this gesture of friendship, nay kinship, by ASEAN and we hope that we will succeed in inaugurating a new and fruitful phase in the history of our relations.

2. My particular thanks to Singapore and to you Professor Jayakumar for being our Country Coordinator. We regard you as a friend, philosopher and guide in

our passage through the Full Dialogue Partnership. I would also like to thank Datuk Ajit Singh for so ably steering our successful Sectoral Dialogue interaction with ASEAN. ASEAN and India - close neighbours.

3. ASEAN and India are no awkward strangers. We have been neighbours and friends in time, space and existence for as long back as we can remember. Our habits, customs and social mores. Our myths and legends, the clothes we drape, the cuisine we savour, the art, craft and design that is our shared legacy, even the languages we speak - all bear testimony to this good neighbourliness. Then there are the pilgrim trails that wind their way through our diverse lands. Our merchants and traders too linked us together for centuries as they ventured the Indian Ocean and the Bay of Bengal as well as over land and mountain routes to ply their wares in our thriving bazaars and towns. The foundations of the financial infrastructure which is today the basis of our market economies have been laid by our enterprising financiers. The footprints of South-East Asia are to be seen in every aspect of India’s ethos.

4. The forces of history and circumstances, intermittently disturbed this closeness. Colonialism and the Cold War, despite our efforts to come together, drew artificial boundaries between us. Also in the decades after independence, India and ASEAN countries were absorbed with national reconstruction and in dealing with problem in their own sub-region. But all that is now in the past. We meet today as old friends and kindred spirits and look forward to a future of limitless cooperation.

Challenges of Full Dialogue Partnership (FDP)

5. The ASEAN decision to make India a Full Dialogue Partner is based on your far-sighted assessment about political and strategic convergence, acceleration of economic relations and their future potential, and complementarities in areas that were hitherto not evident or remained unexploited. However, the FDP poses a major challenge for policy makers, thinkers and those in the field since there is bound to be an explosion of expectations amongst our peoples about what FDP should deliver in terms of economic and political benefits. Whilst ensuring that we collectively meet the substantive challenges, we should constantly guard against premature euphoria or unjustified cynicism.

6. We, in India, certainly look at ASEAN as an invaluable asset for building the comparative advantage of our economy as well as the competitive advantage of our enterprise. ASEAN has many strength we can benefit from, whilst we too have strength that ASEAN can make use of. Thus let us follow an “enrich thy neighbour” policy which will establish what ASEAN

leaders have aptly termed "cooperative prosperity" in which there is place for growth for everyone.

7. Our Full Dialogue Partnership (FDP) is a beginning and a means, not an end in itself. It can only be as meaningful as we consciously strive to make it. Constant alignment and reconciliation between intent and activity, between impulse and reality, and between initiation and follow through, will have to be endeavoured at all times. The FDP is an expression of political will which different actors, in their respective fields, on either side will have to make use of and give substance to. It is a diplomatic device lending urgency to the tasks of ASEAN-India economic cooperation and politico-strategic concertation.

8. The FDP is a formal institutional linkage between India on one hand and the ASEAN as a collectivity on the other. However, we realize that ASEAN is more than the sum of its part and that it is progressing as a regional cooperation grouping. Therefore, we will have to carefully modulate our ASEAN engagement at the bilateral as well as multilateral levels and deepen our understanding of and interact with individual countries as well as ASEAN institutions and mechanisms.

9. Although we have been initiated into the ASEAN way through three years of Sectoral Dialogue interaction, we look forward to further explorations into its mystique. We are confident that with our common traditions of Ahimsa, Panchsheela and Samanvaya, of tolerance and gentleness, we can slip into the ASEAN culture easily. Pragmatism, cohesion performance orientation and consensus building are important traits in the evolving ASEAN personality. India values these traits and you will not find any let or hindrance in our desire and ability to pursue cooperation with ASEAN efficiently, necessary coherence and down the line implementability.

10. Despite the advantage of cultural closeness and understanding that India and ASEAN have, there are bound to be some differences-systemic or attitudinal-which either side may encounter in effectively realising Indo-ASEAN cooperation. Thus for example, you may find political processes in India pluralistic and diffused. You may also occasionally get exasperated by the time taken by our democratic, legal, as well as public opinion processes. However, I would urge you not to generalise your individual experiences or rush to conclusions on the feasibility of mutually beneficial Indo-ASEAN projects. Instead we would like you to focus on the India advantage with its high returns, its checks and balances, surety of the legal system, transparency and accountability of Government, policy continuity on key issues and the fact that our State and local Governments

as much as the Central Governments have increasingly attuned themselves to the measurements of global interaction, particularly with our South-East Asian friends.

11. A key objective of India and ASEAN should be to move from derivative to a direct relationship so that there are no distortions, no misperceptions, no ignorance and no intermediation. This will call for a major information gathering and dissemination exercise on an ASEAN-India module in terms of existing links and future prospects. It will involve building new constituencies - economic, political, social and cultural in our countries. It means developing in the ASEAN tradition, a degree of informality, familiarity, understanding and "comfort levels" among our political leaders, officials, business persons, academics, NGOS, media and most of all, our youth.

Policy Convergence

12. I would like to assure our ASEAN friends of India's commitment to achieve rapid economic growth through targeted involvement of foreign capital, technology, goods and services. The Common Minimum Programme of the new Government represents the consensus in India on the continuation of economic reforms. In some areas the programme goes further by setting higher targets (US\$10 billion a year in FDI, 70% rate of economic growth, 12% rate of industrial growth annually). It provides for greater incentives to foreign investment in areas such as infrastructure in particular by seeking to put in place transparent regulatory framework so as to impart certainty and facilitate such flows. Liberalisation is to go beyond organised trade and industry and cover agriculture and agro-processing. The Government is to continue the process of reforming and restructuring the financial sector as well as the public sector. The goal of rationalizing India's tariffs is to be maintained. However, as is the case everywhere else where this has happened, the process will be calibrated keeping in view the larger interest of India. Political, administrative and economic decentralisation of India is to be given a fillip. All this reinforce our trade and investor friendly and outward looking profile.

13. We look to ASEAN to participate in the accelerated economic reconstruction and development of India to mutual benefit. Whilst no economic models can be exactly replicated even if they relate to the same continent, the conviction in India is growing among our leaders, the intelligentsia and even in popular perception that we could profit from the successful growth and developmental experience and model of South-East Asia and ASEAN. We would like regular and frequent interaction among our policy makers and experts on macro-economic policy aspects, on social policy issues,

on the most effective ways of mobilising capital and resources, particularly in infrastructure. We want to closely consult with ASEAN on multinational economic issues.

14. The Full Dialogue Partnership gives us the Privileges and opportunity of wide ranging and all inclusive cooperation with ASEAN. We would like to propose that to the four important and broad-scope sectors of cooperation covered by our Sectoral Dialogue Partnership - trade, investment, science and technology and tourism, we add two other key sectors - infrastructure and human resources. Even as we make more profound and meaningful our interaction with ASEAN in the four areas we could look at the infrastructure and human resource aspect whilst addressing each of these sectors, since they are not only vital but also represent elements of complementarity between India and ASEAN and are a priority for our respective countries.

Action Agenda on Trade and Investment

15. In the area of trade and investment, considerable ground work has been done by the Sectoral Dialogue Partnership process. Action Plans and business agenda have been drawn up with the involvement of the ASEAN-India Business Council. What remains is the difficult tasks of translating this know-why and know-how into action. In doing this we would suggest immediate and long-term plans for institutional and programmatic interaction be adopted and implemented through the Joint Cooperation Committee (JCC) that has been set up under the full dialogue Partnership. We should target a trade turn over of at least \$15 billion by 2001 and we expect ASEAN to be a major investor, especially in the infrastructure sector in India. We ourselves give high priority to our enterprises investing in ASEAN and have liberalised norms in this regard.

16. Priority should be given to establishing linkages between informative networks in India and the ASEAN, in developing value added databases on realisable trade and investment opportunities, and in arranging buyer seller meets and promotional programmes. We would particularly commend that our trade fair organisers mutually provide favourable terms for participation of Indian and ASEAN companies and we should plan for an ASEAN fair in India or a 'Made in India' fair that would tour ASEAN countries and for giving partner country status in prestigious trade related events that are held regularly in our countries. Consultation on customs procedures would facilitate trade flows as would structured cooperation in standards and quality conformance, metrology and ISO-9000 and 14000 certification. This would help achieve mutual recognition and smooth and beneficial alignment to international stan-

dards. The ASEAN-India Business council will have to be activated and given political support and encouragement to launch aggressive programmes to brand image India in ASEAN and ASEAN in India and to execute high impact trade and investment projects which have a strong demonstrative and catalytic effect.

17. All policy support and focussed business orientation should be given to increasing ASEAN-India trade and investment in thrust areas including where possible through [word indistinct] or a package approach or even 'green channel' consideration. Institutionally, we need to provide back-up and stimulus. It will be, useful to establish a Working Group on Trade and investment under the aegis of the Joint Cooperation Committee. We could envisage a linkage between AFTA [ASEAN Free Trade Area] and India for pursuing specific programmes of trade facilitation. Interaction between the ASEAN Consultative Committee on Standards and Quality (ACCSQ) and Indian counterparts could be slotted. Connectivity between ASEANWEB and Indian trade and investment databases and networks could be immediately established. Let us speed up the conclusion of BIPAs [expansion unknown]. Further, we would like to be guided by the ASEAN on how direct linkages can be established between Indian institutions and professional bodies in these areas and ASEAN-wide inter-governmental bodies and business associations. There is also scope for more active participation in government procurement and tendering. ASEAN participation in Indian EPZs [Export Processing Zones], technology and industrial parks should be promoted, Indian enterprises in turn would like to engage in the sub- and supra-ASEAN economic projects such as Growth Triangles, the Mekong Basin development cooperation initiative and the Asia- Europe railway.

18. There are a number of trade and investment sectors both sides can profitably focus on. These include petroleum and natural gas (prospecting, development and trade), railways (construction projects and equipment), civil aviation (infrastructure and augmentation of services), shipping and ports (infrastructure, collaboration in increasing services including to third countries), power and telecommunication (infrastructure projects, consultancy and equipment), information technology (hardware, software, human resources), agro-based industries (fisheries, horticulture, food processing, marketing), financial services (establishment of banks, participation in money markets, institutional linkages) and manpower resources. Areas which hold high promise for advantageous mutual sourcing have been identified and include chemicals, and pharmaceuticals, automobiles, engineering goods, textiles and clothing, game and jewellery, consumer goods, petroleum products, miner-

als and ores, machinery, medical instruments, oil and oil products, leather and leather products, and iron and steel products.

Science & Technology Cooperation

19. Science & technology cooperation between India and ASEAN has got off to a productive start with both sides convinced of its merit and sustainability. The three leading edge areas of advance materials, bio-technology and information technology, are those where India has R&D strengths and is willing to join with ASEAN to commercialise these technologies. R&D and techno-economic work as well as key projects are being launched in these areas on a cooperative basis. Under the FDP, we will deepen interaction in the existing three areas, whilst also looking at new areas of S&T cooperation with great potential like non-conventional energy resources, aspects relating to design engineering and automation industry, space and satellite technologies and defence research. Given the centrality of S&T cooperation in our FDP with ASEAN, we would suggest setting up a Working Group on Science & Technology so that we can ensure smooth and expeditious implementation of cooperation plans in this area.

20. Moreover, we would like to place at the disposal of our ASEAN friends our skills in the area, of informatics. I would like to specially offer for your consideration, our setting up on a government-to-government or joint sector basis, an ASEAN-India Informatics Centre. The Centre to be located in an ASEAN country would provide training in state-of the art technologies relating to computers and informatics to ASEAN students. WE have prepared a preliminary blue print for such a project which we will put before you for consideration.

Tourism, Cultural and Intellectual Cooperation Programmes

21. Tourism is in area of natural affinity and one which gives India reason to seek cooperation and inspiration from ASEAN. There are ways we can link up into tourist circuits. We can provide destinations similar to ASEAN but also uniquely Indian our tourism infrastructure. We would push for networking and joint marketing by our travel trade (ASEANTA and TAA) and we could profit from human resource building in this area. Tourism is an effective way of promoting people-to-people contact and increasing business travel and commercial spin offs. We should, therefore, aim at facilitating visas and other procedures for such flows.

22. There is also considerable scope for development cooperation between India and ASEAN countries as well as with the South-East Asia 10. Our Technical

and Economic Cooperation Programme (ITEC) will be available to our ASEAN friends, Myanmar [Burma], Laos and Cambodia and we in turn would like to benefit from the unquestioned expertise that ASEAN itself has developed in several areas.

23. The tremendous cultural capital that India and ASEAN have invested in each other over centuries has not been used to complement and embellish our substantive economic and political relations. This must change. We must reactive cultural agreements that we have with ASEAN countries. We must, in the next four years, undertake both high-profile episode cultural initiatives like Festivals of India and ASEAN as well as establish more durable institutions for continuous cultural osmosis through setting up India Centres in ASEAN countries and ASEAN Centres in India on the model of the Nehru Centre we have in the UK, for example. And in the matter of culture, we must emphasise the classical as much as the popular, modern manifestation of it-in music, films and television programmes.

24. There has been a hiatus in Indo- ASEAN academic and intellectual contact. This is fortunately changing as each side is getting sensitised to the intellectual rationale of contemporary ASEAN-India partnership. We wish this trickle of intellectual interest to become a flood and are looking at several proposals including establishment of chairs in universities, student and faculty exchange schemes between centres of educational excellence, scholarships and fellowship. To begin with, we would like to launch an ASEAN-India lecture series which would prepare the ground for the setting up of an Eminent Persons Group (EPG). Media is critical to our and we have to increase our contacts and cooperation in this area involving both print and audio-visual media.

Larger Vision of FDP

25. We look to the FDP as a window to our progressive participation in other ASEAN-related fora such as Asia Pacific Economic Cooperation (APEC) and Asia Europe Meeting (ASEM) as we are inalienable part of the Asia Pacific economic and strategic zone. Pending a moratorium on new membership in APEC, we have sought to participate in three Working Groups of participation and eventual membership. On ASEM too, we hope to be involved in the processes leading up to the second ASEM Summit to be held in London in 1998.

26. True friendship, especially among nations, is a plant of gradual growth even when it is propelled, as in the case of ASEAN and India by the forces of nature, geography and economics. We will therefore, need to nurture this plant carefully, fertilize it with political will, sustain it with the water of economic interaction and

provide it the air of mutual understanding and space to grow. We are today the sixth largest by 2020. But this aspiration can only be realised and advanced as South-East Asia maintains the tempo of its economic renaissance and growth. Together we can be a dynamic, positive and mighty force in the unfolding of the 21st Century.

New Zealand's McKinnon Addresses ASEAN Dialogue Session

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[Statement by Don McKinnon, New Zealand's foreign affairs and trade minister, at the ASEAN Postministerial Conference Dialogue Partner Meeting in Jakarta on 24 July]

[FBIS Transcribed Text]

Introduction

This is my sixth ASEAN Post Ministerial Conference. I greatly value this annual opportunity to continue the dialogue which New Zealand has enjoyed with ASEAN for the last 21 years. The relationship is, for New Zealand, part of an important network of contacts through which we can build regional confidence and tackle common problems. This meeting takes the dialogue an historic step forward. We warmly welcome ASEAN's decision to widen participation to include the great countries of China, India and Russia. Their contribution will significantly enhance the substance and diplomatic significance of the Post Ministerial Conference.

In these opening remarks I would like to pay particular tribute to our country coordinator, Vietnam. It was my great pleasure to welcome my colleagues His Excellency Nguyen Manh Cam, on his first visit to New Zealand earlier this month. We look forward to enhancing even further both our bilateral and ASEAN relationships at the dialogue partners' meeting in Hanoi in October.

Fifth ASEAN Summit

The past year has been a busy and significant period for ASEAN diplomacy. The Fifth ASEAN Summit, held in Bangkok last December was an important milestone for ASEAN and its partners in the Asia-Pacific region. There were major outcomes, including:

- (i) The signing of the South East Asian Nuclear Weapons Free Zone Treaty (SEANWFZ)
- (ii) Acceleration of the AFTA [ASEAN Free Trade Area] timetable to the year 2003.

(iii) Agreement to incorporate Cambodia, Laos and Myanmar [Burma] into ASEAN by the year 2000 to form "One South East Asia".

(iv) Acceptance of India as a dialogue partner

(v) Inauguration of ASEAN-Mekong Basin Development Cooperation.

(vi) Agreement of the Leaders to meet annually in informal session.

These outcomes show that ASEAN is accelerating its aims in the words of the ASEAN Declaration—to "strengthen the foundation for a prosperous and peaceful community of South East Asian Nations". New Zealand welcomes the confidence which has enabled the adoption of these far-sighted policies.

Development Cooperation

New Zealand's partnership with ASEAN continues to grow in importance and scope. Originally, the relationship was based mainly on regional security concerns and development imperatives. We remain committed to maintaining our security links with ASEAN countries as well as ensuring that the important development needs of our ASEAN partners are addressed through the bilateral Official Development Assistance programmes. Our regional assistance through the ASEAN/New Zealand Economic Cooperation Programme, and to ASEAN institutions such as SEAMEO [Southeast Asian Ministers of Education Organization] and AIT [Asian Institute of Technology], will also continue to receive high priority.

I should mention that New Zealand has long been actively involved in the Mekong area. We particularly welcome changes in the region which will enable us to contribute more substantively. Important among these developments is the move to membership of ASEAN by Cambodia and Laos. Recognising the tremendous human resource needs in the region, we have recently joined in partnership with Thailand to set up at Khon Kaen University and Economic Cooperation and Development Institute for the Mekong countries including Myanmar, and Yunnan Province in southern China. The main role of the Institute will be to assist public and private sector managers to undertake the transition to market economies. Around 70 students will start courses next year. We hope to associate these efforts closely with the ASEAN Mekong Basin Development Cooperation initiative.

We are, therefore, keen to learn more about this important new ASEAN undertaking in the Mekong region. Indeed, taking a lead from this initiative, and bearing in mind the development needs in Mekong countries, I wonder whether the time has now come

to review the direction of the ASEAN-New Zealand Economic Cooperation Programme and give it a special focus of the Mekong member countries.

Trade

Over the 21 years, New Zealand's relationship with ASEAN has moved well beyond issues of security and development. Now there are added economic and demographic dimensions. Five of New Zealand's top twenty export markets are ASEAN countries, and our imports from ASEAN have increased in value by over 100% in the last five years. New Zealand companies are working with partners in the region on joint projects, sometimes in third countries. Investors from ASEAN are taking a larger stake in the New Zealand economy, particularly in our tourism industry. New Zealand companies in turn are following with growing interest the consolidation or ASEAN regional economic cooperation and the accelerated implementation of AFTA.

The basic import and export data on goods heavily understates the depth and breadth of our economic relationship with ASEAN. Alongside growth in investment, services trade and consultancy work are expanding rapidly. Education and training links are also developing at a fast pace and are contributing to human resources development.

Education Links

Beyond education's role in development, it can contribute significantly over the longer term to international understanding and relations. In this respect, I had the privilege earlier this week to witness the signature of a Memorandum of Understanding between the University of Indonesia and New Zealand's University of Otago. They have undertaken to work on developing joint research programmes, as well as staff and student exchanges. I believe such linkages are enormously important not just because of the immediate benefits of collaboration, but because of the valuable contacts, understanding and confidence which are built up over time. I am told that ASEAN understanding and confidence which are built up over time. Ministers of Education and the Vice-Chancellors of two universities in each country have this year agreed to promote further cooperation among their institutions. I wonder what scope exists for these cooperative efforts, bilateral and regional, to be brought together. Perhaps we should be looking to build on our partnership by encouraging new links between ASEAN's regional arrangements and the bilateral links we dialogue countries have with this region.

AFTA/CER [Close Economic Cooperation]

It is appropriate and welcome that ASEAN and CER have recently embarked on a new dialogue to facilitate trade and investment linkages between the member countries of AFTA and CER. We attach a high priority to this work.

Some useful activities are already underway and will be reviewed by trade and economic Ministers when they meet in Jakarta next month. For example, at ASEAN's invitation, CER has developed a draft MOU [Memorandum of Understanding] in the important area of cooperation on standards and conformance. We hope the umbrella MOU can be signed by ASEAN and CER Ministers jointly in September. Useful work is also underway on customs facilitation. We look forward to developing this dialogue with you to our mutual benefit.

People-to-People Contact

In 1995, 84,000 tourists from ASEAN countries visited New Zealand, part of a 23% annual increase from all Asia. In addition New Zealand received 4000 migrants from the ASEAN countries last year, while over 5000 of our young people are currently studying in New Zealand. Our ASIA 2000 Foundation, which was conceived in 1992 and established two years later is going from strength to strength in enhancing New Zealanders' knowledge of Asia. Government and significant, private sector financial support has increased substantially. The Foundation has a new Chairman, my colleague Hon Philip Burton, Minister of Trade Negotiations, a new Executive Director (who was recently our Ambassador in Thailand), and an expanded Board of Directors. The general support we are now seeing for ASIA 2000 shows that there is a genuine interest among New Zealanders to increase understanding of and linkages with the countries of Asia.

Outside exchanges promoted by ASIA 2000 we have also enjoyed close contact at the political level. Over the past two years we have hosted visits to New Zealand from HE Prime Minister Goh Chok Tong of Singapore, HM the Sultan of Brunei Darussalam, HE Mr Do Muoi, Secretary General of the Communist Party of Vietnam, HE President Ramos of the Philippines and HE Prime Minister Dr Mahathir of Malaysia, while several ASEAN leaders who are also the Heads of Commonwealth countries attended CHOGM [Commonwealth Heads of Government Meeting] in Auckland last November. We have also been pleased to welcome a wide range of ASEAN Ministers and officials to New Zealand over the same period.

PMC [Postministerial Conference] Renovation

These bilateral contacts usefully supplement regional meetings such as this one, the ARF [ASEAN Regional Forum] and the annual APEC series. The rapid developments of the regional security dialogue at the ARF and the regional economic dialogue at APEC are particularly significant and have affected the substance of the traditional PMC agendas, especially that of the plenary. We believe that it is important for the "7 plus 10" to be restructured with all agenda and/or format which minimises duplication especially of the ARF agenda, and ensures that PMC plenary meeting continue to attract high level representation. From New Zealand's perspective, the separate sessions involving Ministers from ASEAN and each of the dialogue partners will continue to provide an important vehicle for a regular and focussed review of our "bilateral" relationship. These meetings should in our view be retained in a way which preserves their objectives.

I have already suggested in a letter to this years ASEAN Chairman, HE Ali Alatas, that perhaps future PMCs could begin with a presentation by the Chair about the outcomes of the ASEAN Ministers Meeting [AMM], and the floor thrown open afterwards for informal discussion about the AMM and other matters of interest to participants. Further value could be added by giving each plenary a particular focus or theme, which would allow for more in-depth discussion and perhaps a more substantive result. It would seem desirable to carry on this process of reflection.

The 29th ASEAN PMC is the largest, in terms of number of ASEAN members and dialogue partners, to date. By the year 2000 there are likely to be 10 ASEANs and who knows how many dialogue partners. Inevitably the old ASEAN/dialogue partner relationships will lose some of their intimacy due to the pressure of logistics and time constraints on ASEAN members. Nevertheless, I am sure that as ASEAN grows so too will the substance of the relationship that exists between ASEAN and New Zealand and the other dialogue partners who are brought together with us at this annual series of meetings so vital to the security and prosperity of our region.

SRV Foreign Minister Addresses Postministerial Session

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[Statement by Vietnamese Foreign Minister Nguyen Manh Cam in response to remarks by Don McKinnon, New Zealand foreign affairs and trade minister, at an

ASEAN Postministerial Conference Dialogue Partner Meeting in Jakarta on 24 July]

[FBIS Transcribed Text] H.E. the Right Honourable Don McKinnon, Minister of Foreign Affairs and Trade of New Zealand, Ladies and Gentlemen,

May I first of all on behalf of the ASEAN colleagues extend our warm welcome to Your Excellency and your Delegation to this PMC [Post-Ministerial Conference] 7+1 Dialogue Session between ASEAN and New Zealand. Exactly one year ago, Vietnam officially joined the ASEAN and subsequently at the ASEAN-New Zealand Dialogue Session in Brunei Darussalam where we first participated, Vietnam was honoured to be appointed the country coordinator for ASEAN dialogue relations with New Zealand. For us, this is quite a new job.

However, during the last year we have always enjoyed the close cooperation and assistance from New Zealand as well as from other ASEAN colleagues, especially the Philippines in the discharge of our task. On behalf of the Vietnamese Delegation, I would like to express our task our deep appreciation to you all for that cooperation.

We are pleased to see the fine developments of the co-operative relations between ASEAN and New Zealand. It is true to what Your Excellency observed at the 1995 Dialogue Session that the relationship between New Zealand and ASEAN is in excellent shape.

This Dialogue Session offers a good opportunity for us to review the developments of the ASEAN-New Zealand relations and exchange of view on the issues of mutual concern.

Excellency,

The Fifth ASEAN Summit Meeting in Bangkok in December 1995 was a great success with the conclusion of documents which are of great importance for the social and economic life of the ASEAN countries. The signing of the Treaty on Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ) at the Meeting constitutes an important event and a major contribution in ensuring peace and stability in this region. This also meets the wish of New Zealand for an Asia-Pacific region of peace, stability, prosperity and free from nuclear weapons. We highly appreciate the support extended by New Zealand towards the Treaty. We also share the desire to ensure that the Non-Proliferation of Nuclear Weapon Treaty (NWT) is respected for the sake of maintaining international peace and security, as well as the need to early conclude the Comprehensive Nuclear Test Ban Treaty (CTBT) in 1996.

New Zealand is one of the First two dialogue partners of ASEAN, this relationship was begun in 1975 and over the years has been increasingly and steadily developed.

We highly value New Zealand's commitments to the region through the implementation of the "Asia 2000" Program with a view to enhancing New Zealanders' greater awareness of Asia and their participation in trade and investment activities as well as cultural exchanges with Asia. That Program is being translated into reality. People-to-people contacts between New Zealand and ASEAN have been increasingly promoted, thus contributing to the deepening to mutual understanding.

The ASEAN countries also highly appreciate the re-orientation of New Zealand's priorities toward Asia, a region which accounts for 35% of New Zealand's total trade value. In 1995, New Zealand's export to Southeast Asia made up about 7.72% of its total export; and its import from this region accounted for 6% of the total, an increase of 34.37% as compared to 1994. It is gratifying to note New Zealand's continued commitments that the ASEAN concern over the access of its products to New Zealand's market will be addressed. However, there still exist opportunities to further increase the two-way trade and investment. Today, an increasingly expanded ASEAN with over 400 million inhabitants becomes a huge and most dynamically growing market in the world. The realization of AFTA [ASEAN Free Trade Area] and economic cooperation in areas such as industry, services, investment, intellectual property and the ASEAN Mekong Basin Development Cooperation will help enhance the economic ties between ASEAN and New Zealand, thus providing new opportunities for New Zealand companies to trade with and invest in the ASEAN countries. ASEAN hopes that New Zealand will take advantage of these emerging opportunities.

We also note with satisfaction the outcome of the informal consultations in September 1995 between the ASEAN Economic Ministers (AEM) and their counterparts of the Closer Economic Relations Agreement (CER). The two sides have identified four-priority areas for cooperation with a view to deepening the linkage between AFTA and CER. At Present, both sides are trying to materialize the said priorities. ASEAN is also making preparations for the 2nd Informal Consultations to be held in Jakarta this coming September and hopes that the Meeting will produce good results to strengthen the ASEAN- CER trade and investment linkage. Just on last 16 July in Christchurch and 18 July in Wellington, ASEAN-AFTA Business Briefings were conducted by ASEAN and New Zealand Business Council for New Zealand entrepreneurs in order to keep them informed of the investment and trade opportunities offered by the realization of AFTA. We welcome shelf initiatives and

hope that the outcome of these meetings will help accelerating the economic relations, trade and investment activities between ASEAN and New Zealand.

Your Excellency, Distinguished Delegates,

Since our last meetings ASEAN and New Zealand have expanded the relations to new areas such as the promotion of trade, investment, science and technology, and tourism. The ASEAN-New Zealand Economic Cooperation Program (ANZCEP) has seen many encouraging developments.

With the completion of the Inter-Institutional Linkage Program (IILP) in December 1995, a new cooperative area, that is, science and technology, has been identified. In October 1995, the Third Meeting of the Joint Management Committee (JMC) was held in Wellington. The Meeting reviewed various cooperation programs, especially agreed on the establishment of the Biotechnology Fund and worked out the orientations and priority areas for cooperation in biological technology and materials science. The ASEAN Technical Committees have been collaborating closely with the New Zealand counterparts on biotechnology for the mutual benefits it is hoped that in the time to come, the program will soon be put in operation to increase the capacity of the ASEAN Research Institutes for Biological Technology in cooperation with New Zealand. Other economic cooperation projects like Trade and Investment Promotion Program (TIIP), Natural Gas Utilization in Transportation (NGUT) are under way, bringing about concrete benefits for the ASEAN countries. I also wish to inform you that the 13th ASEAN-New Zealand Dialogue Meeting will be held in Hanoi from 24-25 October this year, and prior to this meeting will be the Fourth JMC Meeting to review the progress of these cooperation programs. I hope that the results of the Dialogue Meeting will further reinforce the solid foundation of the ASEAN-New Zealand relationship.

As you may have known, in the light of the decision made at the ASEAN Summit Meeting in Bangkok, ASEAN is placing a great interest on the Mekong sub-regional development. We welcome New Zealand's participation in this program. We also highly appreciate New Zealand's assistance to set up the Khon-Khen retraining facility (Thailand) for the Mekong riparian countries. I Hope that New Zealand will take new steps in supporting the development projects for this large and growing sub-region.

In conclusion, I would like to take this opportunity to express our deep appreciation to New Zealand and other ASEAN countries for giving Vietnam the honour of being the country coordinator for the ASEAN-New Zealand Dialogue. We shall do our utmost to contribute

to the enhancement of the good relations between ASEAN and New Zealand.

Thank you.

ASEAN Ministers Reject Linking Trade, Labor Issues

*BK2507053796 Bangkok BANGKOK POST
in English 25 Jul 96 p 8*

[Report by Nutsara Sawatsawang from Jakarta]

[FBIS Transcribed Text] ASEAN foreign ministers yesterday made clear to their international partners they would oppose the linking of labour issues to trade at the ministerial meeting of the World Trade Organisation in Singapore in December.

Foreign Minister Amnuai Wirawan said Thailand would not object to the WTO raising social clauses and other non-trade issues for discussion "to find ways to co-operate".

But he emphasised the WTO meeting should not be a forum for negotiating or setting conditions, and non-trade issues should not be used for imposing economic sanctions on other countries.

"Every country lends importance to these matters but no country said such a discussion should lead to a kind of negotiation or regulation," Mr. Amnuai said after the opening session of the ASEAN foreign minister's post-ministerial conference with its dialogue partners.

Indonesian Foreign Minister Ali Alatas also reiterated ASEAN's stand on the issue at the opening of the conference.

"We should like to emphasise that the discussions in this important meeting should not be trammelled by the introduction of issues extraneous to trade," said Mr. Alatas.

"For this would not only complicate an already complex WTO agenda, it would also denigrate the developing countries and eventually debilitate the organisation itself," he said.

Australia, Canada and India supported ASEAN's stand providing there were other more appropriate forums for addressing the issues, according to Mr. Amnuai.

ASEAN's other dialogue partners are China, the European Union, Japan, New Zealand, South Korea, the United States and Russia.

Japanese Foreign Minister Yohihiro Ikeda reaffirmed that issues such as the environment and labour standards should be tabled at the WTO meeting. Mr. Amnuai quoted him as saying.

Mr. Amnuai had a working lunch with his Japanese counterpart and chaired the annual talks between ASEAN and Japan yesterday.

US Secretary of State Warren Christopher reiterated that a dialogue on the relationship between trade and labour standards was Washington's priority in Singapore.

Although the US recognises differences in comparative advantages, including wage rates, "workers everywhere should have the benefit of internationally recognised basic worker rights, such as freedom of association and an end to child labour exploitation and forced labour," Mr. Christopher said in a statement delivered at the opening of the meeting.

"Ensuring such protection is also essential to maintaining the consensus for further trade liberalisation in the United States and around the world," he said.

The differences between ASEAN and the US on the issue came as no surprise to the group.

"The general position (of both sides) is still the same, no changes," said director-general of Indonesia's ASEAN Department, Rahardjo Jamtomo.

Meanwhile, Australian Foreign Minister Alexander Downer yesterday threw his support behind China, whose foreign minister, Qian Qichen, reiterated Beijing's readiness to seek membership of the WTO.

The grouping yesterday proposed that China liberalise its import market before the ASEAN Free Trade Area was due to be implemented in 2003, allowing more access to its market for value-added products from the trade zone.

ASEAN also urged Australia to ease access for its exports to the Australian market.

Burma Issue Continues To 'Trouble' ASEAN Leaders

*BK2507050296 Bangkok BANGKOK POST
in English 25 Jul 96 p 1*

[Report by Saritdet Marukhatat and Nutsara Sawatsawang from Jakarta]

[FBIS Transcribed Text] Burma continued to trouble ASEAN yesterday when it rejected proposals for a contact group that were welcomed by the European Union [EU].

European support for the Canadian proposal, which could emerge as a mechanism similar to the contact group the United Nations set up in Bosnia, has dashed ASEAN's hopes that the Burma issue would fade.

ASEAN ministers expressed irritation their Western dialogue partners have prolonged an issue they feel should have ended when Ohn Gyaw, Burma's Foreign Minister, explained Rangoon's position to 20 participants at the ASEAN Regional Forum.

Western concern about human rights abuse and the lack of dialogue between the State Law and Order Restoration Council [SLORC] and the Burmese democracy movement was made clear in statements delivered by the foreign ministers of Australia, Canada, the United States and Ireland, which holds the EU presidency.

S. Jayakumar, Singapore's Foreign Minister, speaking for ASEAN, dismissed the contact group initiative by Lloyd Axworthy, his Canadian counterpart, by saying: "The proposal was not on the prepared agenda. Therefore, it should be dropped from discussion."

Canada's proposal was unlikely to go further, said Amnuai Wirawan, the Foreign Minister. "We don't think ASEAN should take it because this is United Nations' business," he said.

ASEAN favoured "quiet diplomacy" over open forums, said Mr Amnuai. "Canada should have consulted ASEAN in advance if it wanted us to play a key role in the plan."

Announcing his initiative, Mr Axworthy suggested a contact group be formed to "draw out the SLORC" to improve conditions for the Burmese people.

"It is incumbent on us all to pursue ways to encourage the SLORC to make a real commitment to democratic reform and national reconciliation," said Mr Axworthy. The plan could succeed if ASEAN took a leading role.

Dick Spring, Ireland's Foreign Minister, welcomed the idea and said it needed cooperation from Rangoon and Asian states. "In a situation like this, it is important that you have to get an agreement hopefully from Myanmar [Burma] itself and from the Asian countries," he said.

Alexander Downer, Australia's Foreign Minister, said: "Our hopes have been frustrated by deteriorating conditions in Burma." He called on Rangoon to resume dialogue with Aung San Suu Kyi, secretary-general of the National League for Democracy that won a landslide election victory in 1990 that the SLORC chose to ignore.

Warren Christopher, the United States Secretary of State, reiterated Washington's readiness to use more "forceful action" unless conditions improve. He expressed hope ASEAN would engage Burma "constructively during and most importantly after our meetings here".

PMC's EU Envoy 'Concerned' Over Burma, Korea
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["Statement" by Dick Spring, Ireland's deputy prime minister and minister of foreign affairs, and representative of the European Union, to ASEAN's Postministerial Conference [PMC] in Jakarta, Indonesia on 24 July]

[FBIS Transcribed Text] Mr. Chairman:

I would like to thank you for your welcome and say how glad I am to be here in Jakarta participating in the ASEAN Post Ministerial Conference.

On behalf of the European Union I should first like to pay a warm tribute to the manifold achievements of ASEAN and its members states. Since its establishment in Bangkok in 1967, outstanding progress has been made in the realisation of its aims of accelerating economic growth and of increasing the stability of the South-East Asian region. In many ways ASEAN has been a model of regional cooperation. ASEAN has also been centrally involved in the creation of the ASEAN Regional Forum (ARF) and of the Asia - Europe Meeting (ASEM). The importance of the increasing role of ASEAN in the maintenance of peace and stability in Asia is now self evident.

With the admission of Vietnam into ASEAN in 1995, and the granting of observer status to Laos and Cambodia and Myanmar [Burma], ASEAN is now well on its way to achieving its goal of creating a true community of South East Asia. The European Union welcomes the fact that the People's Republic of China, the Russian Federation and the Union of India have become full dialogue partners of ASEAN.

The European Union has always attached very great importance to the dialogue with the countries of the ASEAN in the ASEAN Post Ministerial Conference framework. We consider that in new, fast-evolving situation of our relations, the continuation of this dialogue must retain its very priority.

Mr. Chairman, the opening up of the new partnership between Europe and Asia throughout the ASEAN meetings has been the most important development in the dialogue between our two continents. The talks which the ASEM leaders held in Bangkok, both at the formal meetings and [word indistinct] of these, more than fulfilled expectations.

The European Union is fully committed to implementing, with our Asia partners, the substantial number of measures proposed by our leaders at Bangkok. We look forward to ever greater cooperation based on the promotion of political dialogue, the deepening of economic

relations and the reinforcement of cooperation in various fields as set out in the Chairman's statement at Bangkok.

We believe that a new, friendly and active partnership on the basis of mutual respect and advantage is now developing between Europe and Asia. This indeed an exciting and challenging development. There is so much to share, so many concerns and aspiration which are common to the peoples of Europe and Asia, and indeed to the peoples of the others parts of the world represented by all us dialogue partners with ASEAN at the this meeting today.

The European Union values its membership of the ASEAN Regional Forum (ARF), and congratulates ASEAN on its contribution to the progress which has been made already in the ARF process.

Mr. Chairman, over the past year since our last meeting, there have been many positive developments. But while we welcome these, there are also a number of situations where we must intensify our collective efforts to ensure progress is achieved.

There is deep concern in the European Union at what is happening in Myanmar. The boost, of more than 200 supporters of the opposition party, many of whom were political representatives, on the eve of the NLD [National League for Democracy] Congress late in May shows that the SLORC [State Law and Order Restoration Council] regime still rules in an unacceptable manner. We are also concerned about the well being of Mrs Aung San Suu Kyi, who continues to speak for the true values of civilisation in her country, but under threat of arrest. We continue to be concerned about the overall human rights situation in that country.

The European Union would be grateful to hear the views of ASEAN on what is happening in its neighbour country, and on what, in its view, the best approach should be to achieving national reconciliation in Myanmar.

The situation in the Korean Peninsula remains a source of concern. We have been encouraged by the proposal to hold four-party talks put forward by the Republic of Korea the United States. Our hopes were - and still are - that a positive response from North Korea would help unfreeze this too long enduring dispute between the Koreas. The European Union believes that dialogue between North and South is essential for achieving lasting peace and stability on the Korean Peninsula and in the region. But while the world awaits a positive response from Pyongyang, shortages in North Korea grow worse.

The European Union welcomes the progress that has been made on the nuclear issues in North Korea and we congratulate the founder countries of KEDO [Ko-

rean Peninsula Energy Development Organization] especially on their initiative. We hope, that the arrangements for European Union participation in KEDO can be finalized.

We are glad to say that a framework agreement between the EU and the Republic of Korea will shortly be signed, with a joint political declaration, and this will strengthen the cooperation between both parties.

The European Union welcomed the meeting between President Suharto of Indonesia and Prime Minister Guterrez of Portugal en marge of the ASEM in Bangkok last March. We hope that this will help facilitate a settlement of the East Timor question. The European Union has recently defined a Common Position of its Member States on East Timor.

I would also repeat the appeal made by my Spanish predecessor as President of the European Union in Brunei last year for necessary support for the ongoing work of reconstruction and institution building in Cambodia.

Mr. Chairman, Ireland assumed the Presidency of the Council of the European Union on 1st July. One of the principal priorities and tasks of our Presidency will be the successful chairing of the Intergovernmental Conference (IGC), which was convened last March to consider possible changes to the Treaty on European Union. The three principal areas on which the Conference is focusing are (1) making Europe more relevant to its citizens; (2) enabling the Union to work better and preparing it for enlargement; and (3) giving the Union greater capacity for external action. The Irish Presidency will seek to advance the work of the IGC as constructively and expeditiously as possible.

The fight against illegal drugs and the destruction to human life they cause is another priority of the Irish Presidency.

In regard to Asia, the Irish Presidency will do its utmost to enhance the links between Europe and Asia, and develop the momentum which the ASEM has generated.

We are very aware of the great economic upturn which has already taken place in some ASEAN countries and are glad to note that this trend is now happening in others. We shall encourage, along with the European Commission, economic relations with the countries of Asia, and especially the strengthening of private sector links. The Vice President of the Commission will be speaking about economic relations between Europe and Asia.

We intend to examine the recently completed report of the Eminent Persons Group, for which we are very

grateful, to see how their recommendations may be used to enhance the EU-ASEAN dialogue and relations.

In our Presidency we shall help prepare the next meeting of the EU-ASEAN at Foreign Minister level which is to be held next February in Singapore. A senior officials meeting will be held in Dublin on 19th December.

The particular focus of the priority of Asia for the Irish Presidency will be on the follow-up work to the ASEM in Bangkok. The Irish Presidency, and along with the European Commission, looks forward to cooperating very closely with the Asian ASEM joint coordinators, Japan and Singapore, and indeed this is already happening. We shall work towards the ASEM 11, which is to be held in London in 1998 and the ASEM Foreign Ministers meeting in Singapore next February, and will host a senior officials meeting in Dublin on 20th December.

I am therefore pleased to renew our invitation to our Asian partners to these meetings in Dublin next December.

Mr. Chairman, I shall conclude with the hope expressed by the ASEAN Foreign Ministers in their joint communique last year that "although the Dialogue (with partners) shall continue to serve as a forum for discussing divergent interests, it could place more emphasis on shared interests and objectives in addressing global challenges". The European Union shares this view.

Thai Foreign Minister Comments on ASEAN-Japan Trade Ties

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[FBIS Transcribed Text] Deputy Prime Minister and Foreign Minister Amnuai Wirawan, in his statement at the ASEAN Postministerial Conference with Japan yesterday, urged Japan to undertake measures to reduce and where possible eliminate tariff and nontariff barriers.

Mr. Amnuai said Japan has for many years been the most important trading partner and source of financial and technical assistance, as well as investment, for ASEAN. Now Japan is second largest partner after the United States. The balance of trade has been in Japan's favor for several consecutive years. Mr. Amnuai stressed the need to correct existing structural imbalances in ASEAN-Japan trade relations. He said: Even though the Japanese Government has recently reduced tariff barriers for a number of industrial products, ASEAN countries continue to experience great difficulties in gaining access for many of the manufactured and agricultural exports to Japan.

Mr. Amnuai said ASEAN wished to see more Japanese plants in ASEAN utilize locally available parts and components. He also wished to see more transfer of modern and appropriate technology that will enable the ASEAN countries to develop their industrial capabilities and human resources.

Japan was also urged to expand its assistance to help facilitate the transition of Indochinese nations to market economies. This will help these countries which will be new ASEAN members to integrate their economies into the Southeast Asian mainstream.

Japan Pledges Conditional Aid for Mekong Development

BK2507055396 Bangkok BANGKOK POST in English 25 Jul 96 p 8

[Report by Nutsara Sawatsawang and Saritdet Marukhathat from Jakarta]

[FBIS Transcribed Text] Japan will join ASEAN's initiative on the development of Mekong nations provided the project does not duplicate Tokyo's efforts in the area, Foreign Minister Amnuai Wirawan said yesterday.

Mr Amnuai quoted Japanese Foreign Minister Yokihiko Ikeda as saying that Japan already had bilateral and multilateral channels to develop Indochinese countries and thus Tokyo would participate in ASEAN's planned development if the scheme avoided repetition.

Japan is a central player in the Forum for Comprehensive Development in Indochina and its Ministry of International Trade and Industry (MITI) has joined ASEAN in trying to adjust the economic structures of Cambodia, Laos and Vietnam with the Asian Development Bank [ADB] as coordinator.

The issue was raised during a working lunch between Mr Amnuai, who also is deputy prime minister, and his Japanese counterpart.

The Association of Southeast Asian Nations, along with China, launched a framework for cooperation on assisting its future members — Burma, Cambodia and Laos — and the seventh member, Vietnam, to improve their economies in Kuala Lumpur in June.

Infrastructure development topped the development agenda.

Thailand was appointed by ASEAN as chairman of an expert group to examine joint funding of development projects.

Japan and South Korea have both expressed interest in joining the scheme.

ASEAN economic officials will meet MITI officials on August 23 in Cambodia to recommend economic policies to the Indochinese countries, an ASEAN official said.

ASEAN ministers will join the ADB in a meeting in Kunming in the southern Chinese province of Yunnan on August 28-30 to discuss progress of the bank's plan to develop Mekong countries under the Greater Mekong Sub-Region Cooperation scheme.

Australia, Canada, China, the European Union, New Zealand and the United States voiced support for the effort but have yet to go into detail on what projects they will fund, said Mr Amnuai.

Meanwhile, Chinese Foreign Minister Qian Qichen and Russian Foreign Minister Yevgeniy Primakov welcomed the plan to build a rail network from South East Asia to Europe.

"Russia is prepared to join the Eurasian railway construction project," said Mr Primakov.

A plan to link ASEAN members via train is another priority of the grouping. The proposed railway will connect China with Europe.

New Zealand Foreign Minister Don McKinnon called for bilateral ties with ASEAN to concentrate on the development of the Mekong.

ASEAN PMC Urges Russia To Accede to Nuclear Treaty

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[Statement by Vietnamese Foreign Minister Nguyen Manh Cam, on behalf of ASEAN, to Russia's Foreign Minister Yevgeniy Primakov, at the ASEAN Postministerial Conference (PMC) Dialogue Partner meeting between ASEAN and Russia, in Jakarta, Indonesia, on 25 July]

[FBIS Transcribed Text] Your Excellency Mr. Y.M. Primakov, Foreign Minister of the Russian Federation, Your Royal Highnesses Distinguished Colleagues, Ladies and Gentlemen:

On behalf of my ASEAN colleagues, I would like to warmly welcome Your Excellency and members of your delegation to this first Dialogue Session between ASEAN and the Russian Federation.

We also like to extend our warmest congratulation to the Russian Federation on its being elevated to full dialogue partner of ASEAN. This is a timely and logical major step forward in the process of the relations between ASEAN and the Russian Federation, which indicates

that ASEAN highly values the role Russian Federation in Asia-Pacific and the importance that both ASEAN and Russia place on fostering closer ties for peace, stability and prosperity in the region and the world over. Together with India and China, the participation of Russian in the PMC [Post Ministerial Conference] process as full dialogue partner has not only helped enhance the ASEAN's position but also contributed to the trend of growing regional and international cooperation.

Within the frame-work of the ASEAN-Russia dialogue, I am particularly proud that Vietnam has been entrusted with the responsibility as the first country coordinator in the dialogue between ASEAN and Russia. This first meeting is an excellent opportunity for us to discuss in a constructive way all matters of mutual concern. We will also work out direction for our dialogue relationship in the years to come.

We always follow with profound interest the situation in the Russian Federation. We are confident that the Russian people - a creative and industrious people with splendid culture, is bound to overcome all difficulties in order to build their country of happiness, thus making worthy contribution to peace and cooperation in the world.

ASEAN notes with satisfaction that the process of interactions with the Russian Federation since the latter became a consultative partner in 1992 has deepened the mutual understanding, effectively serving the became one of the founding member of the ARF [ASEAN Regional Forum].

Russia is a big power with three fourths of its territory in Asia. We welcome the growing attention that Russia has recently paid to Asia-Pacific and Southeast Asia. We also hold that Russia has legitimate interests and is capable of playing a positive role in this region. Russia's active involvement in the process of regional dialogue represents a significant contribution to the stability and security of the region. ASEAN highly values the commitment and contribution by Russia to the ARF process, which is demonstrated among others by hosting last April in Moscow the ARF's Track-II seminar on the principles on security and stability in Asia-Pacific. In this spirit, we welcome Russia's readiness to accede to the Treaty of Amity and Cooperation in Southeast Asia (TAC) and its support for the 1992 ASEAN Declaration on the South China Sea. We are pleased to note the support rendered by the Russian Federation for the SEANWFZ [Southeast Asia Nuclear Weapons Free Zone] Treaty and hope that Russia will soon accede to the Protocol of the Treaty.

ASEAN is located in one of the region of the most dynamic growth in the world. We are convinced that the Russian Federation with its huge economic and scientific-technological potentials, could greatly contribute to the development of ASEAN. For its part, ASEAN will through cooperation supplement to Russia's economic development. The establishment of the ASEAN-Russian Federation Scientific and Technological Committee is needed to promote the cooperation between the two sides in this important field. We very much appreciate the great potentials of the Russian Federation in terms of science and technology, including the basic research area. This will be an important venue for future cooperation between ASEAN and Russia.

We are happy to see the continued increase in our bilateral trade. During 1994-1995, the two-way trade volume increased by (8)%, up from US\$1.6 billion to US\$4.5 billion. Today, 50 joint ventures between ASEAN and Russia have been in place in the region. However, this growth is not commensurate with the great potentials of the two sides. The Russian Federation is seen as a very attractive market with rich natural resources and no small amount of industrial achievements. As a region of dynamic growth, ASEAN also constitutes a significant market for Russia. Greater efforts are needed by both sides to ensure better cooperation through appropriate mechanism to effectively tap this potential for mutual benefits. Cooperation in tourism, culture, education, arts and investment are far from being commensurate with the capacities and desires of the two sides, and thereby needs to be properly encouraged for development.

With a view to having the dialogue process to develop fruitfully between the two sides, ASEAN holds that the two sides should determine and chart the directions for this dialogue relationship. We very much look forward to hearing from you on this issue.

For its part, ASEAN believes that the elevation of Russia to a status of full dialogue partner is an important milestone in the relations between ASEAN and the Russian Federation in the immediate future, this dialogue relationship should focus on political consultations and economic and scientific cooperation. We could set up a practical and effective mechanism together with PMC + 10 (PMC Plus Ten) and the ARF are proper fora where the two sides can work together for the common objectives. It was agreed in 1994 that the ASEAN-Moscow Committee would be established. In this connection, ASEAN has agreed to set up the ASEAN-Russia Scientific and Technological Commission and the Terms of Reference for this Commission is to be considered at the ASEAN COST 33rd Meeting in July this year. Proceeding from our high appreciation of the potential of the Russian Federation - a world power, we hope that

Russia will soon establish, like other dialogue partners, the Cooperation Fund with ASEAN.

As a country that has entertained good traditional relations of friendship and many-sided cooperation with the Russian Federation and with the good personal bounds between Your Excellency Minister and myself, we will together do our best to contribute to promoting the ASEAN - Russia Dialogue in the common interest of the two sides and for the sake of peace, stability and prosperity in Southeast Asia, Asia-Pacific and the world over.

Thank You.

Russia Discusses Security at ASEAN Dialogue Partner Meeting

BK2507121896 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 25 Jul 96

[Statement by Russian Foreign Minister Yevgeniy Primakov in response to Vietnamese Foreign Minister Nguyen Manh Cam's statement at the ASEAN Post Ministerial Conference Dialogue Partner meeting between ASEAN and Russia, in Jakarta, Indonesia, on 25 July]

[FBIS Transcribed Text] Mr. Chairman, Dear Colleagues:

The Russian Federation is participating for the first time in this representative Conference. I should like to stress from the outset that we proceed from the following in our dialogue with ASEAN: this dynamically developing regional Association becomes one of the most important poles of our multipolar world. This is the source of the special significance of the expanding interaction and cooperation of the leading countries of the world with ASEAN. We understand that very well. I should like to add that Russia respects the traditions established within the framework of this forum and is determined to make its constructive contribution in its work.

We consider it fitting and not accidental that our country is joining in the activities of the Post-ministerial Conference at this particular stage. The recent presidential elections in Russia have convincingly demonstrated that the move toward reforming all aspects of life of the Russian society is irreversible, the rolling-back to the past is not possible. By the same token, it was confirmed that our foreign policy remains the same and is aimed at establishing a world order based on the principles of general security, respect for sovereignty, independence and territorial integrity of states, compliance with international obligations and promotion of mutually beneficial economic cooperation.

This fully applies to our policy in the Asian and Pacific region as well. Here one can observe an increasingly evident manifestation of the general trend toward establishing a multipolar system instead of the former bipolar model belonging to the times of the Cold War. There is also a growing interest in harmonizing the interstate ties based on real equality and respect for each other's concerns, including the resolution of global and regional problems. Russia intends to actively facilitate this process.

The Asian Pacific direction for Russia has clear objectives: the first is development of mutually beneficial relations and, where possible, relations of partnership with all the countries of the region. The second is the promotion of sound security on the Far-Eastern borders of our State. The third is the creation of favorable conditions for economic transformations in Russia, particularly for the acceleration of economic development of the Far East.

We proceed from the understanding that stability in the region is closely tied up with the problem of the development of economic relations between countries. As to Russia, I should like to specially draw your attention to the fact that in recent times we purposefully take practical steps to promote ties between Siberia and our Far East with the countries of the Asia Pacific region. This was clearly manifested in the recently adopted Special Federal Program for economic and social development of Siberia and the Far East in 1995-2005. It provides for the promotion of foreign investments in priority and profitable sectors, including oil extraction, ore-deposit development (in particular, the deposits of diamonds, gold, tin, etc.), fisheries, transportation, forestry, recreation, etc. Accordingly, it is planned to allocate federal and regional funds for the development of the infrastructure and to accord to investors tax, customs, export and other benefits, as well as real guarantees of security of their capitals. The establishment of joint ventures and special economic zones will also be encouraged, including through the improvement of the legislative basis. I shall not conceal from you the fact that this is a new approach. Only comparatively recently we directed Russian Far East to have external relations via Moscow. Today the ideology of such relations is absolutely different.

ASEAN is a priority area of the Russian Federation policy in the ASPAR region. Proceeding from these considerations, Moscow welcomes the process of unification within the Association of all South-East Asian States. We are convinced that the establishment of the "Ten" would turn a new page in the life of its nations. Obviously, this will work for the strengthening of security

and stability in Asia and the Pacific and will have a positive impact on the situation in the world at large.

Already to-day, the ASEAN sends a stabilizing ray to the international relations of the region. I mean the appeals for the peaceful solution of problems of the South China Sea on the basis of the unconditional recognition of one China and for the political settlement of the conflict situation on the Korean peninsula. We value peace efforts of the ASEAN Member States and we reiterate our readiness to accede in a due form to the 1976 Bali Treaty on Friendship and Cooperation in South-East Asia.

It appeals to us especially that the countries of the subregion would like to see the world nuclear-free. In our view it is organically related to the establishing of a nuclear-free zone in South-East Asia; we fully support this idea. We intend to continue cooperation in refining the text of the Protocol to the Treaty signed last year so that this document record obligations of the nuclear powers, which would take into account the interests of each and everyone.

In connection with our participation in the work of the Post-Ministerial Conference we introduce two proposals:

(i) Russia is prepared to join the Eurasian railway construction project. As is known, we already have of a modern railway network with access to Europe and Asia, as well as economic and technological capabilities to assist countries participating in the project.

(ii) With due regard for the significance that the ASEAN region acquires Russia proposes to establish here a Space Monitoring and Communication Center. It could provide to the States of the region data of geological surveys and information on natural disasters and serve for telecommunication purposes and training of national specialists in the areas related to the peaceful uses of outer space.

The Center should cooperate with the "space" countries, including the arrangement of launches by South-East Asian countries of their own satellites. Let me underscore that we in no way claim the monopoly in the realization of this project and count on the interaction with the other ASEAN dialogue partners.

Thank you for your attention.

Malaysian Motion Urges Arrest of Bosnian War Criminals

BK2507105896 Kuala Lumpur THE STAR in English
25 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta — Malaysia has tabled a special motion on Bosnia-Herzegovina calling for international action to arrest indicted war criminals who "stand in the way of free and fair polls in the Balkans."

Acting as the ASEAN spokesman on the issue, Foreign Minister Datuk Abdullah Ahmad Badawi cautioned that the situation there was not favourable for polls unless Serb leader Radovan Karadzic and Serb military leader Ratko Mladic were arrested.

"They continue to move freely in Serb-held parts of Bosnia. Karadzic continues to exercise his influence and direct affairs in that part of Bosnia.

"The two will influence the outcome of the polls and that will raise the question of the credibility of the polls," he told reporters after the conference.

To a question, Abdullah said other post-ministerial conference (PMC) members responded well during the discussion and that the participants would issue a statement on Bosnia today.

The Second Peace Implementation Conference has scheduled election in Bosnia for September.

Abdullah told the PMC the two indicted war criminals should be tried before the international war crimes tribunal for the former Yugoslavia in The Hague.

"If we continue to be less than prepared to take necessary steps to bring justice to bear on these two war criminals, then the thousands of Bosnians who perished at their hands will haunt the conscience of mankind.

"They must not be allowed to escape punishment for the holocaust they engineered. We must therefore call for decisive international action to arrest these two war criminals," he added.

Abdullah said there was also a need to ensure those who had the right to vote would be able to do so, and noted that there were many voters abroad in refugee camps.

The Organisation for Security Co-operation in Europe, he said, should provide adequate facilities for them, including smaller groups in refugee camps which number less than 1,000.

"I say this because I understand Bosnian refugees abroad in groups of less than 1,000 may not have the chance to vote."

Abdullah touched on pledges made for the reconstruction of Bosnia at the Donors Conference but expressed regret that the money was not coming fast enough and that the reconstruction process was slow.

He also informed the PMC that some ASEAN states would join their colleagues in the "train and equip" programme of the Bosnian army.

ASEAN, Dialogue Partners End Meeting in Jakarta

BK2507120196 Jakarta TVRI Television Network
in Indonesian 1000 GMT 25 Jul 96

[FBIS Translated Excerpt] The meeting between ASEAN foreign ministers and their dialogue partners ended in Jakarta today and produced several resolutions. During a joint press conference, for which U.S. Secretary of State Warren Christopher and the Brunei foreign minister were absent, reporters asked questions on efforts to solve the South China Sea conflict, the PRC-Taiwan conflict, and other regional issues.

PRC Foreign Minister Qian Qichen, who earlier declined to comment, today said that he will continue to hold dialogue on the South China Sea issue with his ASEAN partners. On the Taiwan issue, Qian Qichen reiterated that there is only one China. [passage omitted on remarks by assistant U.S. secretary of state regarding India's nuclear stand]

Japan

Japan: FTC Expected To Represent Tokyo at Film Talks With U.S.

OW2407132996 Tokyo KYODO in English
1138 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — The Fair Trade Commission (FTC) is expected to act as Japan's negotiator in bilateral talks on business practices in the Japanese photographic film and paper market, Japanese Government sources said Wednesday.

The U.S. Government called for the bilateral talks when it filed a complaint with the World Trade Organization (WTO) in June over the closed nature of the Japanese market.

Japan, however, expects to point out the closed nature of the U.S. market at the talks and is poised to bring the U.S. Department of Justice to the negotiating table, the sources said.

In the WTO filing, the United States argued Japanese laws and government regulations are blocking foreign access to the Japanese market, and called for bilateral talks on the issue, which Japan accepted.

Washington also urged separate bilateral talks to discuss what it perceives as restrictive private business practices in the market.

The U.S. argued such talks are guaranteed under a decision made in 1960 by the executive board of the General Agreement on Tariffs and Trade, which was replaced by the WTO in January 1995.

Tokyo, however, declined to answer this request because it found many U.S. complaints about Japanese business practices vague, and asked for clarification.

The U.S. told Japan in early July that it wants to discuss alleged price fixing by Fuji Photo Film Co., which controls around 70 percent of the market, and other problems relating to the enforcement of Japan's antimonopoly law.

Following the clarification, Japan is coordinating views within the government toward accepting the talks, the sources said.

The Japanese antitrust watchdog is currently investigating the Japanese photographic film market to see if it has antitrust problems, and is considering how the investigation should be handled in bilateral talks with the U.S., the sources said.

On government regulations, meanwhile, the U.S. takes issue with a law controlling the opening of supermarkets and other large retail outlets — a major carrier of foreign

film — and one regulating sales incentives, among other things.

Japan and the U.S. held the first round of talks in Geneva on July 10 to discuss these problems under the dispute settlement procedure of the Geneva-based global trade watchdog. But they remained fiercely opposed to each other.

The WTO procedure stipulates that a multilateral dispute settlement panel be established if a problem cannot be solved bilaterally. Sources close to the talks point out that Japan and the U.S. are likely to need such a panel, given the intensity of their rivalry.

Japan: Hashimoto Spurs Clinton on Settlement of Trade Issues

OW2407170396 Tokyo KYODO in English
1614 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 25 KYODO — Prime Minister Ryutaro Hashimoto has sent a letter to U.S. President Bill Clinton urging settlement of bilateral trade disputes on semiconductors and insurance by the end of July, Japanese Government sources said Wednesday.

In the letter, Hashimoto indicated Japan is prepared to take a flexible stance on insurance, saying a "political decision" will be necessary to bridge the gap between the two sides, the sources said.

Japan and the United States are at odds over Japanese access to the "third sector" of the Japanese insurance market, which includes personal accident insurance. Foreign insurers are strong in third-sector insurance policies.

While Japan argues that major Japanese insurers should be allowed to tap the sector through subsidiaries they will set up, the U.S. says Japan should substantially liberalize the primary life and nonlife insurance markets before opening up the third sector.

On semiconductors, Hashimoto rejected as "meaningless" a U.S. call for gauging the foreign share of the Japanese microchip market using capital affiliation, according to the sources.

Washington calls for the two governments to continue surveying foreign market share after the current Japan-U.S. semiconductor accord expires July 31, fearing the share would otherwise fall below the present level of more than 30 percent.

Tokyo, however, argues for terminating the surveys after the expiry of the accord, saying they are conducive to managed trade.

It also takes issue with the current capital affiliation-based survey which counts products of Japanese-owned foreign chip makers as Japanese-made, saying it is incongruous given the globalization of the semiconductor industry.

Hashimoto's letter is designed to convey to the U.S. his intentions regarding the agreement he struck with Clinton when they met in late June shortly before the summit of the Group of Seven (G-7) industrial nations in Lyons, France, the sources said.

At the Lyons meeting, the two leaders agreed to set a July 31 deadline for settling the insurance and microchip disputes.

The letter confirmed Hashimoto's resolve to settle the issues prior to a series of upcoming bilateral insurance and semiconductor talks scheduled to take place in Vancouver, Canada, beginning Thursday, the sources said.

On Thursday, Hashimoto told reporters that in his letter he has asked for a U.S. political decision to resolve the semiconductor and insurance disputes.

Asked about the letter by reporters at his official residence, the Prime Minister said that if Japan and the U.S. continue rejecting each other's claims, the two countries will not be able to resolve the matter by the end of July.

Hashimoto added that he is not sure he will get a reply from the U.S., adding he does not know whether Clinton has received his letter, either.

Japan: Official Rejects Idea of Package Deal on Insurance, Chips

OW2507101796 Tokyo KYODO in English
0916 GMT 25 Jul 96

[FBIS Transcribed Text] Tokyo, July 25 KYODO — Vice Finance Minister Tadashi Ogawa on Thursday dismissed speculation that Japan and the United States may settle their insurance and semiconductor disputes in a package deal.

The two countries have been discussing the insurance issue as a separate problem, and will continue efforts in that direction to settle the dispute, Ogawa said at a news conference.

In late June, Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton agreed to settle the bilateral disputes over the insurance and semiconductor sectors by July 31.

With the deadline approaching, speculation has been growing that the two countries may strike a deal,

with compromises by Washington in the semiconductor sector and concessions by Japan in the insurance sector.

In Vancouver, Canada, Japan and the United States will hold insurance talks starting Thursday and semiconductor talks beginning Monday.

Japan: MITI Sources Say U.S. Still Wants Managed Chip Trade

OW2507125596 Tokyo KYODO in English
1233 GMT 25 Jul 96

[FBIS Transcribed Text] Tokyo, July 25 KYODO — The United States has remained supportive of managed trade in its fresh proposal on the semiconductor dispute with Japan, Japanese Government sources said Thursday.

The proposal, conveyed to the Japanese Government Thursday morning, was in response to a compromise Japan offered earlier in July to break the impasse over the future of the bilateral microchip agreement that expires July 31.

Japan offered to hold a joint session of planned multilateral government and private-sector forums on chip trade. The U.S. is demanding government involvement in the Japanese chip market.

In the new proposal, Washington accepted the idea of the joint session, but it also wanted a bilateral memorandum of understanding on chip trade to replace the current pact, said the sources at the ministry of international trade and industry (MITI).

The U.S. also called for continuing the monitoring by the two governments of foreign share of Japan's chip market, but proposed surveys by the private sector, dropping its earlier insistence on government surveys.

The proposal from the office of the U.S. Trade Representative was communicated to MITI through the U.S. Embassy in Tokyo.

MITI Vice Minister Tomio Tsutsumi told a news conference Thursday that the proposal "does not contain any changes concerning the principal points" of the U.S. stance on the chip issue.

The present bilateral chip accord effectively sets aside at least 20 percent of the Japanese market for foreign products. The foreign share currently stands above 30 percent.

The U.S. wants to keep monitoring foreign market share with Japan even after the accord expires, fearing the share could decline if the governments take their eyes off the market.

Japan, however, turned down the request, saying such surveys represent managed trade.

It also disagrees with the system of capital affiliation-based share surveys which counts chips made by Japanese-affiliated foreign suppliers as "Japanese" products.

MITI argues the system is incongruous given the globalization of the chip industry and runs counter to rules under the World Trade Organization.

The U.S., however, did not compromise on the system in the new proposal, the sources said.

Japan and the U.S. are scheduled to hold vice ministerial chip talks in Vancouver, Canada, next week in the run-up to the July 31 deadline for settling the dispute.

MITI intends to talk tough and reject government involvement in the chip market, the sources said.

The talks will be attended by Yoshihiro Sakamoto, MITI's vice minister for international affairs, and Ira Shapiro, senior counsel and negotiator for the USTR.

Japan: Top Court To Rule on Okinawa Base Proxy Case 28 Aug

*OW2507034596 Tokyo KYODO in English
0259 GMT 25 Jul 96*

[FBIS Transcribed Text] Tokyo, June 25 KYODO — The Supreme Court said Thursday it will rule Aug. 28 on a case concerning the constitutionality of the forced lease of land for U.S. military facilities in Japan.

The top court's ruling at 3 P.M. on Aug. 28 comes only five months after the Fukuoka high court ordered Okinawa Gov. Masahide Ota in March to sign documents needed for the continued forced rental of land to the U.S. military.

In that ruling March 25, the high court's Naha branch said Ota's refusal to sign the documents on behalf of the Japanese Government "significantly hinders the public interest."

The court rejected Ota's claim that the compulsory expropriation of land for U.S. military use under a special law on land reserved for the U.S. military is unconstitutional because it infringes on landowners' property rights, and thereby he could refuse to sign the documents.

The governor has no authority to make a judgment on whether the compulsory expropriation of land for U.S. military facilities is illegal, the high court ruling said.

Gov. Ota presented his case before the Supreme Court on July 10.

The legal wrangling came on the heels of a petition filed last December by Prime Minister Ryutaro Hashimoto's predecessor, Tomiichi Murayama, seeking a court order to force Ota to sign the documents after Murayama received a letter from Ota rejecting the Prime Minister's instructions to sign them.

Ota is the first prefectural governor to be taken to court by a prime minister under the local autonomy law for refusing to execute a job ordered by the central government.

Ota has maintained his refusal follows the will of the Okinawa people, claiming the concentration of U.S. military facilities in Okinawa Prefecture infringes on their constitutional rights to live in peace, and local landowners' property rights.

Ota's refusal came against an intensifying of public opinion against the U.S. military presence in the southwestern Japanese island prefecture since the rape of a 12-year-old schoolgirl last September by three U.S. servicemen.

About 75 percent of all Japanese land for U.S. military use is concentrated in Okinawa, which accounts for only 0.6 percent of Japan's total area and is located about 1,600 kilometers southwest of Tokyo.

Japan: Kin Town Leaders Visit Tokyo To Protest Heliport Relocation

*OW2507111096 Naha RYUKYU SHIMPO
in Japanese 25 Jul 96 Morning Edition p 2*

[FBIS Translated Text] Tokyo — Representatives from Kin Town, including Mayor Katsuhiro Yoshida and Town Assembly Speaker Zenkichi Teruya, paid a separate visit to Deputy Chief Cabinet Secretary Teijiro Furukawa and Director General Masuo Morodomi of the Defense Facilities Administration Agency [DFAA] on 24 July. The representatives handed over a resolution adopted at a "rally of the town residents to protest against the planned relocation of a heliport of the Marine Corps Air Station Futenma" held on 17 July. The representatives conveyed their stand of not accepting the planned relocation of the heliport to Camp Hansen, which has been listed as a site for relocation.

In response, Deputy Chief Cabinet Secretary Furukawa said: "A place wherein a heliport will be constructed has not been decided yet, and finishing touches on the plan are being proposed to the Special Action Committee on Okinawa (SACO). I understand the purport of your petition and how the residents feel."

DFAA Director General Morodomi, too, said that a site where the heliport will be relocated has not been

selected. But he said "We would like to ask for cooperation from the prefecture and municipalities as needed," thus stressing that the government is asking for the understanding and cooperation of local residents in producing the relocation plan when a substitute site is decided.

Japan: Okinawa Landowner Sues Government for Return of Land

OW2507103696 Tokyo KYODO in English
0933 GMT 25 Jul 96

[FBIS Transcribed Text] Naha, Japan, July 25 KYODO — The owner of a plot of land occupied by a U.S. military facility in Okinawa Prefecture filed suit Thursday against the central government demanding the return of his land.

Shoichi Chibana, 48, requested the return of the 236-square-meter plot within the U.S. Navy's Sobe communications facility in the village of Yomitan in Japan's southernmost island prefecture of Okinawa.

Although the forced lease for the land expired at the end of March, the government continues to allow U.S. forces to use it without any clear legal basis.

In the lawsuit filed with the Naha district court, Chibana, a supermarket operator, also sought compensation of 10,000 yen per day for the period from April 1 until the complete return of his land.

It is the first lawsuit by an Okinawan landowner seeking return of land used by the U.S. forces.

The state has continued to occupy the land since April 1 for supplying it for use by U.S. forces although the government has acknowledged that it has no power to do so, Chibana argued in the suit.

The state has the obligation to remove part of the steel tower on the land and evacuate it, he claimed in the suit.

"I want to make the government correct its shameless act through the suit," Chibana told reporters after filing the suit.

As Okinawa Gov. Masahide Ota has refused to carry out the steps needed to renew the forced lease, the central government has filed suit against Ota to force him to comply, with the first hearing scheduled for Monday.

Chibana filed a lawsuit with the Naha district court on April 1 demanding access to and return of his land. But he later dropped the latter request to focus on the access case.

Under a court-mediated settlement with the central government, Chibana entered the plot twice, on May 14 and June 22.

Commenting on Chibana's latest suit, Chief Cabinet Secretary Seiroku Kajiyama said the landowner has the freedom to file a suit.

"I have nothing more to say on the issue, as the government is taking legal steps according to an agreement between Japan and the United States," Kajiyama said at a press conference.

Japan: Kajiyama Favors Amending Present Okinawa Land Use Law

OW2507033096 Tokyo MAINICHI SHIMBUN
in Japanese 24 Jul 96 Morning Edition p 3

[Report by Chiyako Sato]

[FBIS Translated Text] Chief Cabinet Secretary Seiroku Kajiyama spoke at the House of Councillors Budget Committee on 23 July on legal measures to speed up procedures for forcible land use for U.S. military bases in Okinawa.

He said: "Rather than coming up with special legislation, the emphasis should be placed on how to make people understand the existing law in handling this problem." He thus indicated that special legislation, which is strongly opposed by the Social Democratic Party and the Okinawa government, should be avoided as much as possible, and the problem should basically be dealt with by amending the existing Law on Special Measures Concerning Land Used by U.S. Forces. This was in reply to a question from the Liberal Democratic Party's Hidehisa Otsuji.

However, he also expressed his personal view: "If we think about how to secure land for use by the Self-Defense Forces in the whole of Japan, and about land to be used by the U.S. Forces, whose help we request, we should not think of Okinawa alone. This is something that cannot be handled under the Law on Special Measures Concerning Land Used by U.S. Forces."

Japan: Government To Ask More Land Return Than SACO Interim Report

OW2507042496 Tokyo YOMIURI SHIMBUN
in Japanese 24 July 96 Morning Edition p 2

[FBIS Translated Text] The government has decided as of 23 July to ask the United States to return more land in Okinawa, in addition to the area (of approximately 4,700 hectares) agreed upon in the interim report issued in April by the "Special Action Committee on Okinawa (SACO)," the Japan-U.S. consultative body on reorganization and reduction of U.S. military bases in Okinawa.

The government intends to request that a larger portion of the Northern Training Area be returned to Okinawa; Japan and the United States have already agreed on return of approximately half of the training area. Moreover, if the Kadena ammunition depot is not selected as the relocation site for a heliport to replace Marine Corps Air Station [MCAS] Futenma, the government intends to ask the U.S. Government to return part of the ammunition depot area as a new item for return. The Kadena ammunition depot was excluded from the list of U.S. military facilities to be returned in the SACO interim report, because the facility was regarded as the most likely place for construction of the substitute heliport for MCAS Futenma when the interim report was worked out.

Japan: Okinawa LDP To Help Find New Live-Fire Site

OW2507031596 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 24 Jul 96 Morning Edition p 2

[FBIS Translated Text] Concerning the issue of realignment and reduction of the U.S. military bases on Okinawa, the Okinawa Chapter of the Liberal Democratic Party (led by Chairman Kenjiro Nishida) disclosed 23 July that by explaining the current situation of Okinawa, it will persuade local governments that have been cited as possible relocation sites for the live-fire exercise field across Okinawa Prefectural Highway 104 to accept the proposal.

In the interim report worked out by the Japan-U.S. Special Action Committee on Okinawan (SACO) last April, an agreement was reached to break up and relocate the live-fire exercise field from Okinawa to other prefectures. Among the five exercise fields proposed as relocation sites are the Yausubetsu Exercise Field in Hokkaido and others in Miyagi, Shizuoka, Yamanashi, and Oita Prefectures.

Japan: Opponents Gather To Protest Relocation of Live-Fire Drills

OW2507045696 Naha *RYUKYU SHIMPO* in Japanese 24 Jul 96 Evening Edition p 7

[FBIS Translated Text] Tokyo — The representatives of civic groups from municipalities where the Ground Self Defense Force's Ojohihara (Miyagi Prefecture), Higashifuji (Shizuoka Prefecture), and Hijudai (Oita Prefecture) artillery firing ranges are located gathered at a hotel in Nagata-cho, Tokyo, on the morning of 24 July and established a "nationwide network on what to do about Japan, opposing relocation of U.S. Forces Japan [USFJ] military bases and military exercises and seeking realignment and reduction of USFJ military bases." The three firing ranges are among several sites being

considered for transferring live-fire exercises conducted by the U.S. Marine Corps across Prefectural Highway 104 in Okinawa.

Since the government plans to decide officially on relocation sites by mid-August and subsequently notify local authorities, the new anti-base network plans to solidify its unity in the future through closer sharing of information and hopes to spur on nationwide opposition to the relocation plans. The network is also calling on municipalities hosting the Yausubetsu (Hokkaido) and Kitafuji (Yamanashi Prefecture) firing ranges, two other possible relocation sites, to join the campaign.

At the network's inaugural ceremony, Nobuyuki Kadoya, who organized the group, said: "We would like to utilize the network to study the impact on the livelihood of local residents of transferring U.S. military exercises here and carry out our campaign." Miyoko Fujiwara, chairwoman of the Federation of Women's Associations of Kusu-gun, Oita Prefecture, said: "As mothers, we are all opposed to the relocation plans, considering the incidents in Okinawa and the recent assault on a woman in Sasebo. Let us all work together."

Japan: Paper Comments on Recent Kato-Lake Talks

OW2507052396 Naha *OKINAWA TIMES* in Japanese 24 Jul 96 Morning Edition p 5

[Editorial: "From Reduction of USMC to Withdrawal"]

[FBIS Translated Text] A high-ranking U.S. official's remark that there is a possibility of reducing the U.S. Marine Corps [USMC] in Okinawa in the future took us by surprise.

So far, even within the United States, many skeptical views have been expressed on the stationing of USMC troops in Okinawa, where it has been argued that withdrawal of the USMC from Okinawa would serve as the first breakthrough in reduction of the military bases. Although we cannot be optimistic about reductions in U.S. troops, the U.S. official's remarks have given a glimmer of hope that the fate of the military bases may take that course more rapidly than expected, depending on the rapidly changing international situation.

The United States attaches great weight to the fact that China has encouraged North Korea to accept four-way talks (among the United States, China, the ROK, and the DPRK). During recent talks with Koichi Kato, Secretary General of the Liberal Democratic Party, National Security Adviser Lake indicated a prospect that the environment for holding quadrilateral talks would improve. Meanwhile, Secretary General Kato expressed

hopes for future cutbacks in the USMC. Lake answered, "We give certain consideration to such a call," according to Kato.

So far, after the threat of the Soviet Union disappeared, the importance of the U.S. military bases in Okinawa has been discussed in view of unstable situations on the Korean peninsula and in the Taiwan Strait and in terms of the necessity of beefing up Japan-U.S. security arrangements. When we hear the opinions of the U.S. defense authorities, we cannot help feeling that the USMC will never move from Okinawa, as if it were a unmovable rock. However, meanwhile, there are some people with access to a lot of information sources who say there is a possibility that land being used by the U.S. military will be returned ahead of schedule.

This reminds us of a fact about Okinawa's reversion to Japan: without our knowledge, a plan to return Okinawa to Japan was studied by the United States from very early on.

Yet one cannot tell what the situation is. The United States sees that China is trying to increase its influence in the four-way talks; and in a sense, this is what the United States expects from China. Is it too optimistic to think that stationing of USMC troops will not be necessary if tension in the Korean peninsula is eased?

At recent sessions of the Asian Regional Forum of ASEAN, the issue of security in the Asia-Pacific region was discussed, and cooperation in helping create peace in the Korean peninsula was incorporated in the presidential statement. We wonder how the situation will develop in foreign ministerial meetings among Japan, the United States, and South Korea and in U.S.-PRC talks.

We also wonder if it is enough for Foreign Minister Ikeda merely to explain the significance of redefining Japan-U.S. security arrangements to East Asia nations and China.

Japan: Court To Rule on Okinawa Rape Case Appeal 12 Sep

OW2507080896 Tokyo KYODO in English
0709 GMT 25 Jul 96

[FBIS Transcribed Text] Naha, Japan, July 25 KYODO — The Fukuoka High Court on Thursday set Sept. 12 for its ruling on an appeal by two U.S. marines seeking a reduction in prison sentences imposed on them for abducting and raping a 12-year-old Okinawa schoolgirl in September last year.

The court set the date after a brief hearing at its Naha branch on the appeal by Marine PFC. Rodrico Harp, 22, and Marine PFC. Kendrick Ledet, 21, who claimed

sentences of seven years and six and a half years in prison, respectively, imposed by a lower court were too severe.

Ledet said the first trial was not fair in a sense and he never intended to commit violence against the schoolgirl.

Harp denied the first trial's ruling, saying no violence was committed.

The marines said the sentences they received were unreasonably heavy when compared with typical punishments for crimes of this kind given by Japanese courts.

Both marines said after the Naha district court's sentencing in March that they would appeal to the Naha branch of the Fukuoka High Court.

Navy Seaman Marcus Gill, 23, also received a seven-year prison sentence in the case, but a lawyer for Gill said after the March conviction that his client would not appeal because there was little possibility of receiving a reduced sentence.

In handing down the sentences, the district court's presiding judge Shinei Nagamine said the crime was a "brutal, arrogant act that ignored the rights of the victim."

The judge said the three men abducted the girl last Sept. 4 while she was shopping near her home and forced her into a rented van. They bound the girl with tape, assaulted her and proceeded to rape the girl in the back of the van, the court ruled.

Japan: LDP's Kato, Perry Exchange Notes on DPRK Situation

OW2507081696 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 24 Jul 96 Evening Edition p 2

[By reporter Masaaki Muramatsu]

[FBIS Translated Text] Washington, 23 Jul — U.S. Defense Secretary William Perry met Koichi Kato, secretary general of the Liberal Democratic Party, at the Pentagon in the outskirts of Washington on 23 July. Perry and Kato, who is currently visiting the United States, exchanged views on the DPRK (North Korea) and other issues. Perry revealed his views, saying: "North Korea's food shortage is so critical that it is even affecting the morale of its military forces."

Taking the situation into consideration, Perry stressed: "Various scenarios can be expected in the future, but we have to be totally prepared from the military standpoint to deal with whatever may happen." Kato affirmed the seriousness of North Korea's food situation and said:

"We should try to pull North Korea into the international community and avoid a hard landing."

Tokyo, Dublin Agree on UN Reform, Cooperation on DPRK

OW2407152096 Tokyo KYODO in English
1444 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 KYODO — Japan and Ireland agreed Wednesday to join forces in pushing for reform of the United Nations, Japanese officials said.

The agreement came in a 20-minute meeting between Japanese Foreign Minister Yukihiko Ikeda and Irish Foreign Minister Dick Spring. They met in Jakarta on the sidelines of a series of high-level talks sponsored by the Association of Southeast Asian Nations.

Spring, who doubles as deputy prime minister, hailed Japan's efforts to help revamp the 50-year-old world body, according to the officials.

The Japanese and Irish foreign ministers also agreed that Japan and the 15-member European Union (EU) should cooperate in addressing North Korea's suspected nuclear program.

Ireland is currently the chair nation of the 15-member EU.

Japan: MOF To Appeal WTO Ruling on Shochu Tax Rate

OW2507055096 Tokyo YOMIURI SHIMBUN
in Japanese 24 Jul 96 Morning Edition p 8

[FBIS Translated Text] The Ministry of Finance (MOF) decided on 23 July to appeal the ruling given by the World Trade Organization (WTO) Dispute Settlement Panel on 11 July that Japan's low tax rate for shochu [locally produced distilled spirits] is discriminatory. The MOF will appeal to the Appellate Body of the conflict panel, which serves as the WTO's supreme court, in early August.

The conflict panel's verdict upholds the claim of the European Union (EU) and the United States that "low tax rate for shochu protects the domestic production of shochu."

Japan intends to refute this at the Appellate Body by saying that "different tax rates are determined for each category of alcoholic drink; there is no intention to protect shochu."

The recent panel ruling says that 1) shochu and whiskey compete in the Japanese market; and 2) there is a significant gap in Japanese tax rates for distilled spirits by volume and by alcoholic content, resulting in protec-

tion of domestic production of shochu. The WTO ruling questions the low tax rate for shochu compared to whiskey.

The MOF argues that "the ratio of taxes in retail price is about the same for imported whiskey and shochu." It is rushing documentation for the appeal to the higher committee.

On the other hand, in case the ruling cannot be overturned by the Appellate Body, the MOF is considering increasing the tax rate for shochu for the first time in three years in the FY 97 tax reforms.

Japan: Hashimoto, Harmoko Discuss Indonesia's Auto Policy

OW2407132296 Tokyo KYODO in English
1116 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — Japanese Prime Minister Ryutaro Hashimoto and Indonesian Information Minister Haji Harmoko exchanged views Wednesday on Indonesia's automobile industry development policy, government officials said.

Details of their discussions were not disclosed, but Hashimoto told reporters after the meeting that he said what he had wanted to say.

The officials said Hashimoto is believed to have expressed Japan's concern over the Indonesian policy which it considers discriminatory against the Japanese auto industry.

South Korea's Kia Motors Corp. has been picked as a partner of Indonesia's national car project, allowing it to export vehicles to Indonesia tax free.

Japan has warned that it will bring the case to the World Trade Organization for review as a possible violation of trade rules.

Japan and Indonesia have agreed to prevent the dispute from hurting overall bilateral relations and bring about a negotiated settlement of the case.

Japan: Ikeda Renews Tokyo's Call for Democracy in Burma

OW2407132496 Tokyo KYODO in English
1020 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 KYODO — Japanese Foreign Minister Yukihiko Ikeda restated his call Wednesday on Myanmar's (Burma) ruling junta to promote democracy and improve the life of its people.

Ikeda made the call at a luncheon meeting with Thai Foreign Minister Amnuay Viravan, whose country is currently acting as a coordinator between the

seven-member Association of Southeast Asian Nations (ASEAN) and Japan.

Ikeda, now in Jakarta to attend a series of ASEAN-sponsored high-powered talks, urged the Yangon [Rangoon] government to solicit opinions from all quarters of the country in a balanced manner, Japanese officials said.

He said Myanmar may need to hold a referendum on a new constitution, rather than push for the military government-organized national convention's process of drawing a fresh national charter, the officials said.

Tokyo Seeks Seoul's Support for Fund for Former 'Comfort Women'

OW2407135696 Tokyo KYODO in English
1306 GMT 24 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Jakarta, July 24 KYODO - Japan asked Wednesday for South Korean support for Tokyo's plan to compensate women forced by the Japanese military into sexual servitude before and during World War II, a Japanese official said.

Foreign Minister Yukihiko Ikeda made the call in a 40-minute meeting with his South Korean counterpart Kong No-myong in Jakarta on the fringes of a series of high-powered talks being held under the auspices of the Association of Southeast Asian Nations.

It followed the decision by a Japanese Government-initiated private fund last week to pay one-time solatia of 2 million yen each to some 300 surviving former "comfort women" beginning this summer.

Ikeda was referring to the South Korean government's possible cooperation in specifying who will be eligible to receive the payments and in helping the fund distribute the solatia.

Kong replied that the South Korean Government's stance on the issue was unchanged but also pointed out that some of the women have refused to receive the money and demanded direct compensation from the Japanese Government, the official said.

On other bilateral issues, Ikeda and Kong agreed to hold a second round of fisheries talks in Seoul on Aug. 8-9 in connection with the UN Convention on the Law of the Sea, which both countries have already ratified, the official said.

Japan and South Korea held the first round in Tokyo in May, reaffirming the need to conclude new bilateral fishing arrangements.

The UN convention allows countries to declare a 200 nautical mile exclusive economic zone for fishing and other rights.

A Japanese zone to be declared in line with the treaty would cover a group of small islands in the Sea of Japan, known in Japan as Takeshima and in Korea as Tokto, over whose territorial ownership the two countries have been quarreling.

However, Tokyo and Seoul had already agreed not to link the fishery negotiations to the territorial dispute.

Ikeda and Kong also shared the view that their countries should strive to resolve another potentially divisive issue of drawing national sea boundaries in accordance with the UN convention, the official said.

Japan and South Korea recently agreed that in mid-August they will hold the first round of talks on demarcation of their respective 200 nautical mile exclusive economic zones.

Ikeda and Kong also reaffirmed the desirability to push for joint studies of the history of the two countries and promote youth exchange programs between them, the official said.

Regarding the situation on the Korean peninsula, the South Korean foreign minister sought Japan's cooperation in persuading North Korea to join proposed quadrilateral talks aimed securing peace there.

The overture, made by South Korean President Kim Yong-sam and U.S. President Bill Clinton in April, calls on North and South Korea to discuss a permanent peace regime along with the United States and China. North Korea has yet to make a formal reply to the proposal.

Ikeda reiterated that Japan will keep in close touch with South Korea over the question of normalizing relations with North Korea.

Japan: Intelligence Officers on Naval Destroyer To Visit CIS

OW2407144996 Tokyo KYODO in English
1353 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — A Japanese naval ship which will take part in a naval review in Vladivostok in the Russian Far East to mark the Russian Navy's 300th anniversary has six intelligence personnel on board, defense sources said Wednesday [23 July].

They said four of the six officers from intelligence departments of the Maritime Self-Defense Force (MSDF) will serve as interpreters, while the other two will be responsible for gathering information.

High-ranking MSDF officials and senior Defense Agency officials were not informed of the dispatch of the two officials, the sources said.

Officials in the Maritime Staff Office said the dispatch of high-ranking intelligence gatherers to participate in ceremonial activities or goodwill visits is unprecedented.

The visit by the 5,200-ton destroyer Kurama will be the first by a Japanese warship to Russia in 71 years.

During the Cold War, the agency had been keen to gather information on Vladivostok because it was the largest naval port of the former Soviet Union in the Far East.

MSDF Chief of Staff Kazuya Natsukawa said the personnel have not been given instructions to gather specific information.

"They'll be studying the situation in Russia," he said.

The Kurama will participate in the naval review on July 28.

Japan: Vice Finance Chief Repeats Opposition to Ministry Reform

*OW2507103596 Tokyo KYODO in English
0922 GMT 25 Jul 96*

[FBIS Transcribed Text] Tokyo, July 25 KYODO — Vice Finance Minister Tadashi Ogawa reiterated his opposition Thursday to the idea of breaking up the Finance Ministry as the centerpiece of Japan's financial policy reforms.

"I think the present system, in which the ministry manages both fiscal and monetary policies, is an appropriate way to guide the Japanese economy," Ogawa said at a news conference.

The system has also been helping Japan promote macroeconomic policy coordination with other group of seven industrial countries, he said, adding "such a basic direction should be maintained."

Amid criticism of the ministry's handling of the bad loan crisis at financial institutions, some ruling coalition party members have been calling for breaking up the ministry, which they charge wields too much power.

On defense spending for fiscal 1997, meanwhile, Ogawa said growth in expenditure should be curbed as much as possible under the recent agreement between the government and the three governing parties.

The accord calls on government ministries and agencies to review spending items without exceptions, he stressed.

Among the three parties, the Liberal Democratic Party is asking for a 4.5 percent increase in defense spending for the fiscal year that starts next April. The Social Democratic Party and New Party Sakigake, however, are seeking slower growth.

Japan: Hosokawa Cites Need for Economic, Administrative Reforms

*OW2507042196 Tokyo KYODO in English
0315 GMT 25 Jul 96*

[FBIS Transcribed Text] Wellington, July 25 KYODO — Former Japanese Prime Minister Morihiro Hosokawa said Thursday that economic and administrative reforms in Japan should be carried out without exception.

"We must avoid setting exceptions," Hosokawa told reporters after his meeting with Prime Minister James Bolger.

"It's important to set restricted targets, timetables and priorities and go ahead with (reform) with a clear sense of responsibility," said Hosokawa, a senior member of Japan's main opposition Shinshinto (New Frontier Party).

Hosokawa is on a fact-finding mission observing successful administrative reforms conducted in New Zealand.

Economic and administrative reforms are expected to be one of the key issues in Japan's next general election, which is not mandated until next July but could happen much earlier.

Japan: SDP, Sakigake Agree To Curb Defense, ODA Budget Spending

*OW2407145096 Tokyo KYODO in English
1330 GMT 24 Jul 96*

[FBIS Transcribed Text] Tokyo, July 24 KYODO — The Social Democratic Party (SDP) and New Party Sakigake, partners in the ruling coalition, agreed Wednesday [23 July] to keep the increase in spending on defense and official development assistance (ODA) for fiscal 1997 below the growth rate at the initial budget for the current fiscal year, officials of the parties said.

The two parties, which currently form the tripartite ruling coalition with the dominant Liberal Democratic Party, reached the accord at a regular meeting, according to the officials.

The Defense Agency presented its budget request for fiscal 1997 to the coalition Tuesday seeking a 4.5 percent increase, above the 2.58 percent rise allocated

for fiscal 1996, excluding that needed for relocating U.S. bases in Okinawa.

The growth of ODA for the current fiscal year was 3.5 percent.

Finance Minister Wataru Kubo has vowed to limit as much as possible the growth of defense and ODA spending in the fiscal 1997 budget. The two areas have long been considered "sanctuary" budgetary categories safe from cuts.

Japan: Poll Shows Hashimoto Support Rate Basically Unchanged

OW2507042396 Tokyo YOMIURI SHIMBUN
in Japanese 24 Jul 96 Morning Edition p 2

[FBIS Translated Text] The YOMIURI SHIMBUN conducted a nationwide public poll on 20-21 July to survey such matters as trends in the people's support for the administration of Prime Minister Ryutaro Hashimoto. The support rate for the Hashimoto administration hovered at 49.6 percent, a 0.3-percent drop from the previous month. The nonsupport rate dropped 1.7 percentage points to 33.2 percent.

Asked to give their reasons, 29 percent of those who said they support the administration replied that they do so "because the prime minister is from the Liberal Democratic Party," while 26 percent said they "commend the administration's political stance." Asked if the "administration is stable," 24 percent said they felt it is, followed by another 24 percent who said "the prime minister is trustworthy."

Among nonsupporters, 36 percent said they disapproved of the administration because its "policies are not praiseworthy," while 30 percent said its "political stance is not commendable."

Japan: LDP Courts Unions for Election Support

OW2407152196 Tokyo SHUKAN DAIYAMONDO
in Japanese 6 Jul 96 pp 98-100

[Article by political commentator Toichi Suzuki: "LDP Edges Up to Labor Unions in Desperation — Secretary General Kato Requests Election Cooperation"]

[FBIS Translated Text] Ninety Percent "Want Labor Union Endorsement"

Their Waterloo — The general election being imminent, the Liberal Democratic Party (LDP) is increasing its overtures to labor unions which had been associated with the former General Council of Labor Unions of Japan. Secretary General Koichi Kato has especially been energetically making contacts with labor union leaders.

Secretary General Kato said the following on 25 June:

"Even though ours is a three party coalition government, each party will fight for itself in the general election. But to preserve the coalition government, I want to find a number of clamps. You know it is said that a child is a clamp which holds a couple together. That is the sort of clamp I am talking about. In other words, we will designate some election districts where we will cooperate [to support our coalition partners]. We have been working toward that set up since Secretary-General Mori's time in office."

Specifically, in which election district do you intend to implement that approach?

"In districts such as District 1 in Kochi (Masanori Goto, Social Democratic Party (SDP)), District 1 in Fukuoka (Ryu Matsumoto, SDP), District 7 in Osaka (Issei Inoue, SDP), District 4 in Iwate, Ichiro Ozawa's district (Reiji Sawafuji, SDP), District 3 in Nagano (Shoichi Ide, Sakigake), and District 9 in Fukuoka (Asahiko Mihara, Sakigake) among others."

According to the LDP Headquarters Election Committee, a decision is to be taken whereby the LDP will not run a candidate in these districts and will endorse the SDP or Sakigake candidates.

"In addition, in District 10 in Hyogo, Kisaburo Tokai (Sakigake) and Labor Minister Takanobu Nagai (SDP) will run, so we are considering endorsing both. Also, as for Hiroyuki Sonoda (Sakigake) in District 4 in Kumamoto, there is a move to shift the opposing Yoshiyuki Toya (LDP) to the proportional representation district and to endorse Sonoda."

When it comes to election cooperation between the LDP and the SDP, from the LDP side, Acting Secretary General Hiromu Nonaka, Senior Deputy Secretary General Makoto Koga, Director General of the Election Bureau Katsuhiko Shirakawa, and from the SDP side, former Chief Cabinet Secretary Koken Nosaka, Election Committee Chairman Sadao Fuchigami, Election Committee Vice Chairman Mitsuharu Warashina have been holding discussions.

Again, back to the statement by Secretary General Kato.

"In the election districts I have just mentioned, we will not run any LDP candidates. In other words, if we describe the situation in terms of give-and-take, we are mainly giving. But unless there are some quid pro quos for the LDP, we can not gain the support of people within our party. Therefore, I hope that the labor unions will come to our aid. I realized that this is reality."

On 25 January, Kato was invited to the Federation of Electrical Workers Unions [Denki rengo] Central

Committee meeting which was held in Iizaka Spa in Fukushima Prefecture. It was, of course, the first time for the LDP Secretary General. He greeted about 2,000 people present as follows:

"Today, now that ideological disputes have ceased, I can talk with you. I will encourage LDP members to actively visit local organizations and labor union offices. If SDP people (who are running or campaigning) are in those places, our people will not compete with them and depart. But if there are Shinshinto [New Frontier Party] people there, we will absolutely not leave first."

Kato's contact with labor unions, even if superficial, are many as seen below:

"Since the beginning of this year, he attended the inaugural of the Japan Teachers Union [Nikkyoso] and All Japan Telecommunications Union [Zendentsu] on 8 January. Following the aforementioned Denki Rengo, on 21 February, he went to the Central Committee meeting of Zendentsu. On 14 June, he attended a party with the Chairman and Vice Chairman of Rengo in the Sazankaso Room in Hotel New Otani. Then, on 3 July, he attended the Denki Rengo Congress held in Hakodate. On 10 July he was invited to the Japan Post Workers Union congress [Zentei] held in Kofu and on 17 July, to Zendentsu congress held in Osaka."

Secretary General Kato is said to have ordered his confidant, Director General of Election Bureau Shirakawa, to carry out an opinion survey among Diet members who have no opposing SDP candidate in their district.

"Will you accept the support or endorsement of the SDP and unions if it is possible?"

Out of [the candidates from] 145 election districts who responded, "about 90 percent answered that they would like to have such support or endorsement. It was surprising."

Kato confided:

"I had heard some people say that we should maintain our pride as the LDP. So I anticipated hearing the answer that even if it [the LDP] is stale, it is still a sea bream [the reference is to an expensive high quality fish]; we do not need the support of the SDP and the unions. But I was astonished by such frank answers [accepting the idea of SPD support]."

None of the candidates are confident [about their chances of winning] and are desperate.

Downfall of Chairman Kajimoto for Whom "Politics Was Hobby"

Secretary General Kato continues energetically to hold meetings with union [representatives], especially with

such people as All Japan Prefectural and Municipal Workers' Union [Jichiro] Chairman Morishige Goto.

"I had never had any relationship with Jichiro before, but in the two years since the beginning of the Murayama Administration, I was able to have an exchange [of contacts]. After the string of holidays [from late April to early May — Golden Week], I submitted to Jichiro a list of LDP candidates for whom their cooperation was requested."

The LDP candidates on this list are divided into three ranks, A, B, and C. The A rank is for "those for whom cooperation is absolutely necessary." To this request, the following reply came from Jichiro.

"It depends upon the situation and judgment of each local. Daily or regular association over a period of time is important. We just can not endorse an LDP candidate whom we have never even seen. Moreover, unless he is a candidate with whom we are politically compatible, it will be difficult for the organization to move actively."

When Kato asked what they really meant, the Jichiro side answered:

"First, we want you to promote local autonomy. Second, we should have mutual understanding in the areas of taxation and welfare. Third, we cannot endorse advocates who promote the right of collective self-defense."

Kato, upon hearing this, thought:

"If that is the case, there is a good possibility to have their cooperation. I was surprised that they did not mention opposition to the consumption tax hike. That may be because 1 percent of the consumption tax goes to the regions for local government use."

Among the unions, Zendentsu has been known traditionally to be skillful in elections, being able to elect candidates they supported. But Kato says that "Jichiro seems to be more helpful than Zendentsu." Contradicting him, a Rengo leader was heard to comment:

"Kato can not see through Jichiro's Chairman Goto. He does not know him at all. Goto promises much which he can not deliver. I hope he won't be sorry."

Further, one concerned in Zendentsu points out the following:

"Zendentsu is a single union. Jichiro has over a million members, but each city and town has its own union and Jichiro is only their umbrella organization. Zendentsu has a membership of only 200,000, but it is a military-like organization in which an order will at once be delivered throughout Japan. It is a different kind of

fighting power. But Zendentsu for a time leaned toward Ichiro Ozawa."

Two years ago, Koji Kajimoto became the chairman of Zendentsu after very much controversy. Rengo Chairman Akira Yamagishi was against him, and former Chairman Hisaji Sonoki also opposed him.

Kajimoto became an intimate of Ozawa following the lead of then Zentei Chairman Mototaka Ito [as published]. Two years ago, around the time of the inauguration of the Murayama Administration, in that context, he strongly supported the Yamahana New Party. The Yamahana New Party was Shinshinto's auxiliary force.

In the fall of 1994, when the issue of NTT's basic rate hike arose, Chairman Kajimoto requested the LDP's Nonaka, Shizuka Kamei, and others' cooperation in support of the hike. Responding to his request, Nonaka was said to have denounced Kajimoto as follows:

"You have done things which hurt our Administration. Yet you have the nerve to ask us for help when you want to raise the fee."

The Yamahana New Party, if successful, could have caused the Murayama government to fall, and clearly that was also its aim. Around that time, Nonaka confided his displeasure left and right.

"Zendentsu must think politics is a hobby. I can not trust Zendentsu people at all."

Zendentsu aside, there was no question that Chairman Kajimoto in these two years was playing at politics in an amateuristic manner. The outcome was the miserable failure of the Yamahana New Party.

"The public pledge to form a new party exceeds the limit of labor union, and besides it has not yet been realized. Who is to take responsibility?"

It also remains a serious scar within Zendentsu. As for Kajimoto, he resigned after serving one two-year term, as the result of opposition which had arisen one after another from Kinki District Chairman Furuya, General Secretary Kawabe, Vice Chairman Sasamori, and others who had supported his election to chairmanship. In July, the structure of Sasamori as the chairman emerged.

The glorious Zendentsu labor union, which had given birth to Rengo Chairman Yamagishi, has sunk to a surprising degree, knocked about in the rough political waves of these two years.

Many "Weak Spots" Also in Labor Union Side

A former senior official of Rengo bemoaned the fact that the "crack between the former General Council of

Trade Unions of Japan [Sohyo] and the former Japanese Confederation of Labor [Domei] is ever increasing. Why did we spend so much effort to overcome the difficulty to create Rengo? It is absurd."

To unite the labor front which had the different national centers such as Sohyo, Domei, other Independent Labor Unions [Churitsu Roren], and the National Federation of Industrial Organizations [Shinsanbetsu], and to concentrate political power for the workers was the "roman" for the birth of Rengo. But look at the current situation.

"The former Domei line supports the Shinshinto. The former Sohyo line supports the SDP, but they are not completely satisfied, so they are approaching the LDP claiming that they are reviewing their one party support policy."

Rengo is completely split, yet Chairman Ashida, Secretariat Director Washio and others are folding their arms and do not know what to do.

They failed to remove the barriers between unions inside the same enterprises, so that emotions akin to the hatred of close relatives are controlling the labor sector. A veteran labor reporter pointed out the following:

"To take the example of the postal workers, the Zenyu-sei is in the former Domei line, so it supports the Shinshinto. Zentei, repelled by that, wants to approach the LDP, but can not very well support the group of Junichiro Koizumi who advocates privatization of the postal administration. So they are having trouble."

In addition to the split in Rengo, the decline of the SDP is troubling labor union leaders. A veteran reporter explains:

"Even if the labor unions endorse the SDP candidates and worked on organized election campaigns, they will encounter two big problems. One is that, unlike in the mid-term election, the SDP candidates are not likely to win. Unless they win, it is meaningless to support them, because their responsibility for the losses would come into question. So such incidents will increase in which they withdraw support from the candidates who are not likely to win. So the need arises to endorse LDP candidates to increase the ratio of victories for which the unions can claim credit. Such and such candidates they endorsed and such and such a percentage of them won; in that way, the labor union leaders would escape blame."

After all, with the SDP alone, it could become 0 percent."

The honeymoon between the LDP and the former Sohyo line labor unions indeed also stems from the labor union

side's logic. It can also be said that the labor unions are very intent on solidifying their internal organization.

The LDP is not missing this situation. At the last March Party Meeting, under the Kono-Mori structure, the LDP created a "Labor Policy Bureau" for the first time since the party was formed. This Labor Policy Bureau's senior official has been maintaining contact with labor union leaders. It is reported that he was told the following [by labor leaders]:

"When Murayama, during the SDPJ era, was prime minister, the LDP supported him and provided cooperation. We are thankful for that. In the election districts where the SDP does not run candidates, I think we should provide the LDP all the cooperation we can. We also want your cooperation where we run our candidates and they don't clash with us head on in such districts. We naturally can not go along with the Shinshinto now, certainly not where the Soka Gakkai is supporting it."

This LDP Labor Policy Bureau official also spilled the information that:

"I have been asked occasionally to go and have dinner by labor union leaders. Until just recently, their reaction of disapproval toward the LDP was strong. Just the fact that there are many such meeting where we have dinner together gives me a feeling that things have changed greatly."

The people in power do not miss such labor sector "weak spots." The LDP's Director of Organization and Public Relations Headquarters Kamei told a Zentsu senior official who came with a petition to oppose the splitting of NTT.

"Make up your mind whether or not to endorse LDP candidates. If you endorse them, we will oppose the split. If you do not endorse them, I will not be responsible on this issue."

The issue of splitting NTT was supposed to be resolved by this March, but the decision was postponed till next March on the nominal ground that there was some confrontation between the Ministry of Posts and Telecommunications and NTT. Some people view this as follows:

"The LDP's intention may be to postpone a conclusion until after the general election and then decide its position based on the outcome of the election."

As for the labor unions, their influence has declined, and the number of members who are not affiliated with any party has increased just as with members of general society. They try to supplement their lack of power by borrowing the LDP's power. As for the LDP, seeking to use the union's move to its own advantage, it seeks

to exploit this kind of union weakness. Here is one perspective for viewing the next general election.

Japan: Power of Soka Gakkai Over Shinshinto Analyzed

962B0133A Tokyo BUNGEI SHUNJU in Japanese
Jul 96 pp 102-114

[Article by Akiyoshi Yamamura, journalist: "In-depth Study of Soka Gakkai's Election Strategy: Shinshinto's Selected Official Candidates Listed"]

[FBIS Translated Excerpt] Time is clicking, showing that we are getting closer to the first general election under the parallel system of small constituency and proportional representation. As in the election for the House of Councilors last July, the key to predicting the results of the upcoming election is how the Soka Gakkai votes will sway in a clash between the Liberal Democratic Party (LDP) and Shinshinto.

As the revised Religious Corporation Law is coming into force, the LDP and the Soka Gakkai are covertly fighting against each other. Meanwhile, the latter has been steadily preparing for the next general election, beginning ever more arbitrarily to carry out its strategy to control politics by gaining an overwhelming majority for leadership.

Recently, I obtained internal documents that show movements of the Soka Gakkai votes and its future plan. These documents were prepared internally by the Soka Gakkai headquarters, but their existence has not been well publicized to Shinshinto's members or to the Soka Gakkai's central figures.

There is a "strictly confidential list" of the candidates from Shinshinto who have been officially endorsed by the Soka Gakkai.

The Soka Gakkai does not automatically support candidates even if they are from Shinshinto.

Of the Shinshinto's 226 official candidates (as of 24 May, excluding Akira Suita, an official candidate in the first district of Yamaguchi Prefecture, who announced his candidacy for the gubernatorial election in Yamaguchi Prefecture), 164 have been endorsed by the Gakkai, leaving 62 without support. Assuming that the Soka Gakkai will later decide who to support in all small districts, there are still 136 "empty" districts with no official support for candidates. (On the list of Shinshinto's official candidates, those with their names printed in bold letters are listed on the "strictly confidential list" as candidates with the Soka Gakkai support.)

[the list on pp 105-107 omitted]

A detailed examination of the list reveals clearly the Soka Gakkai's hidden plan for the next general election.

Social Councils

Since last year, the Soka Gakkai has created an organization called a social council for each of the nation's 300 small districts. On top of these local social councils (often called local councils) is a central social council (often called the central council). These social councils decide which candidates the Soka Gakkai will support.

The chairman of the central social council is Mr. Naomi Yamazaki, a former deputy chairman in charge of public relations. The secretary general directly below him is Deputy Chairman Isao Nozaki, who is the Soka Gakkai's best debater and is well versed in political affairs. The deputy general director is Deputy Chairman Masanobu Nakagami, who is known as "director of the Soka Gakkai's political division," overseeing the administrative side of elections.

"Normally, when there is no election, the central social council is simply compiling reports from local social councils. But, once the general election gets under way, it will immediately become a control tower" (per a staff member at the Soka Gakkai headquarters).

On the other hand, the local social councils are composed of regional social councils attached to 13 regional headquarters—Hokkaido, Tohoku, Kanto, Tokyo, Tokaido, Chubu, Shinetsu, Hokuriku, Kansai, Chugoku, Shikoku, Kyushu, and Okinawa—and prefectural social councils attached to prefectural steering congresses.

Support decisions made after thorough discussion at these social councils have been reported sporadically in local editions (regional or prefectural editions) of SEIKYO SHIMBUN [the Soka Gakkai's newspaper] since September last year; they are reported only to members of the Soka Gakkai in respective regions. Therefore, only a limited number of people in the Soka Gakkai's central executive class and those in charge of elections have accurate national data on which candidates the Soka Gakkai supports.

The process of making support decisions involves discussion among 30 to 50 Soka Gakkai officials within the bloc for each small electoral district. An official in one district explains as follows:

"A meeting of a local council is attended by the Soka Gakkai's local executives and members of high social standing, such as lawyers and doctors. They have been examining the candidates who were recommended by the local Komeito. After examining thoroughly each candidate's personal character, past scandals, policies,

and so on, they decide whether to support the candidate. They can bring any information to a meeting for discussion."

A local council openly attaches great importance to a candidate's policies. Among these policies, the following four points are particularly important: human rights and religious freedom, peace and international contribution, culture and welfare, and the attitude toward the public and clean politics.

To obtain support from a local council, candidates from Shinshinto must clear several hurdles.

A Diet member from Shinshinto says, "First, the candidate submits a request for support to his local social council. Then, he has to become acquainted with the Soka Gakkai members by frequenting the Soka Gakkai meetings. And, finally, he has to be interviewed, like in an oral examination, by executives from the Soka Gakkai prefectural or local headquarters."

Diet members from Shinshinto call these hurdles a "rite of three-part prayer." In a self-deprecating manner, they must go through this ritual.

Another Diet member from Shinshinto who obtained "support" by going through this ordeal says, "In the earlier days, to get close to the Soka Gakkai, some Diet members attempted to hire graduates of Soka University as their secretaries, or to have their wives become members of the Soka Gakkai. But the Soka Gakkai is never influenced by these actions. You have to work hard, patiently and sincerely. Normally, a meeting is attended by 100 to 200 members. But there are also some small meetings with 10 attendants or so. I do not want to attend these small meetings because it is inefficient to do so, but I have no other choice but to go to these meetings. I get so many questions at these meetings, but I can never speak ill of the Soka Gakkai. Literally, you have to yield to conquer."

Shibano Taizo, a candidate in the new first district in Tokyo who went through the selection process and is currently waiting for a final decision says, "I have already had several meetings with the Gakkai executives, including Tokyo Chairman Asami (Shigeru). My grandmother in Niigata was originally from a family whose head of the household served as the first chairman of the Soka Gakkai Makiguchi branch. So, I am related to the Soka Gakkai, and I believe I am considerably involved in this relationship."

Last year, the Soka Gakkai chose the following criteria for rendering support in future elections:

"First, we will consider each candidate's political stance, policies, personal character, views, past accomplish-

ments, and the level of understanding with regard to the Soka Gakkai's ideology. And then, we decide on an individual basis."

An actual decision to support is based on the following process:

"We make decisions anew for each election. These decisions are made upon careful deliberation at a central meeting or at a central, regional, or prefectural headquarters' social council."

A decision on an individual basis, therefore, is made upon gaining the confidence of the Soka Gakkai members.

"Districts Without Candidates"

Having made this rather long introduction, I would like to review the candidates on the support list and their situations, citing some examples in various districts.

Those "districts without candidates" to support are scattered geographically. Within the same South Kanto region, Chiba Prefecture has no candidates to support, but Kanagawa Prefecture has decided to support all the candidates officially endorsed by Shinshinto.

"This is because Shinshinto's prefectural federation in Chiba has no strong candidates who are close to the Soka Gakkai executives. In Kanagawa, Mr. Hirohisa Fujii, chairman of the prefectural federation, arranged for the Soka Gakkai executives to unanimously support all the candidates. Whether a prefecture has an influential Dietman, like Mr. Fujii, makes a big difference" (per an executive from the Soka Gakkai).

However, in the case of a district in Osaka, for example, none of the official candidates from Shinshinto have gained support from the Soka Gakkai, even though the district has influential leading members of the Soka Gakkai as well as of Shinshinto. One of them is Shuji Kitagawa, who is planning to run for election in the new 15th district in Osaka.

In his case, "he was omitted from the selection process because of a conflict between his basic support group—he is originally from the Social Democratic Party [SDP]—and the Soka Gakkai" (per an insider at the Osaka branch of the Soka Gakkai). This is an example regarding the importance of the relationship between the Soka Gakkai and a basic support group from the past.

Allergic to the Self-Defense Forces

There are also some candidates who are unsure of how to respond to one of the Soka Gakkai's policy requirements, "peace and international contribution."

For example, Testuo Yoshioka from the new third district in Gifu is a former member of the Self-Defense Forces and is a candidate who ran in the last supplementary election in Gifu for the House of Councilors. At the time of the election, the local social council at the Gifu branch of the Soka Gakkai opted for "voting independently." One of the reasons for this decision was related to an adverse sentiment: "Some members of the Soka Gakkai are allergic to the Self-Defense Forces and hawkish Diet members." Reportedly, many members of the Soka Gakkai women's league are prejudiced against the "constitutionality of the right to collective defense." This time, again, the Soka Gakkai has not given support to Yoshioka.

On the other hand, the Soka Gakkai decided to support Shigeyoshi Tsukihara, a former member of the Defense Agency, in the new third district in Kagawa on 8 December 1995. On 20 November 1995, it also decided to support Kozo Watanabe (in the new fourth district in Fukushima), who is the chairman of "Shinshinto's Dietmen's League for Paying Reverence at the Yasukuni Shrine," an organization that could be repulsive for the Soka Gakkai's traditional members. Likewise, on the same day, Deputy Chairman Kei Sato (in the new second district in Osaka) gained support, even though his basic support group is Higashi Hongan-ji.

A person involved in Shinshinto's election affairs explains as follows: "Since last year, the Soka Gakkai has not been particular about whether or not a Dietman from Shinshinto has a support group from another religious sect. The same is true in the case of hawkish Dietmen. For the Soka Gakkai, therefore, as long as the candidates seem to be able to win elections, they are considered all right. In the case of Yoshioka (who has not gained support yet), the prospect of his winning an election has been slight—his opponent in the election for the House of Councilors was Ruriko Ono, a widow of the late Akira Ono, and in the general election it will be Kabun Muto, a former minister at the Ministry of International Trade and Industry. Aside from the members at the far end of the Soka Gakkai's structure, the central figures within the Soka Gakkai want to support those candidates who can win elections. So, the policies of these candidates are secondary consideration."

In the litmus test for the Soka Gakkai's decision to support a candidate, there is also a criterion as to "whether the candidate's personality is good or bad." For example, those from Shinshinto who are well received by the Soka Gakkai members are Kazuo Aichi in the new first district in Miyagi, Hajime Funada in the new first district in Tochigi, and Satsuki Eda in the new second district in Okayama. They are "courteous and not pretentious" (per a member of the Soka Gakkai).

In Miyagi Prefecture, Aichi gained support earlier on 12 October 1995. Funada, who is currently at the center of movement to restructure the political world, has support from the Soka Gakkai for the time being. But he should be concerned about a mysterious rumor floating in Nagata-cho: "The Soka Gakkai executives in Tochigi Prefecture are also considering the possibility of voting for Susumu Yanase (from the Sakigake), an opposing candidate."

For the Soka Gakkai's general members, Satsuki Eda is an unlikely candidate to gain support. As of 24 May, he has not gained support from the Soka Gakkai.

"The most important thing for the Soka Gakkai members is that the candidate is a devoted (Soka Gakkai's) Diet member. I have heard that to focus on Katsuyuki Higasa, a candidate in the only small electoral district in the Chugoku bloc, the Soka Gakkai has asked Eda to wait for the time being" (per an insider at the Soka Gakkai's prefectural branch in Okayama).

Another characteristic of the Soka Gakkai members is that, aside from their concern over the candidate's personality, "they truly dislike scandals." For example, Keisuke Nakanishi was not able to gain support from the Soka Gakkai, probably because he was involved in a scandal over Tokyo Kyowa Credit Association.

Mutsuki Kato in the new fourth district in Okayama has not been able to gain support at all, even though he and his close associates have contacted the Soka Gakkai's leading officials many times and managed to gain their respect. A local reporter in Okayama Prefecture explains as follows:

"Mr. Kato began getting in touch with the Soka Gakkai from early on. Some people say that, because of the Lockheed and Recruit scandals, the Soka Gakkai members are still seeing some dirty image in him. However, there seems another reason in his case."

This other reason will be elaborated later, but it seems to be the fact in general that, if a candidate is ill spoken of by the Soka Gakkai members, he will not be able to gain support. Therefore, the Soka Gakkai handed to Shinshinto a requirement that a candidate must have "an understanding of the Soka Gakkai ideology." This requirement is considered the same as "not allowing criticism or counterarguments against the Soka Gakkai" (per an insider from Shinshinto).

When the Soka Gakkai was criticized or attacked by its opponents, it certainly carried out election campaigns in a slanderous and mudslinging way in the past. In the next general election, Jiro Kawasaki from the LDP in the new first district in Mie, who repeatedly criticized the Soka Gakkai last year, will be running against Hiroshi

Nakai from the former Japan Democratic Socialist Party (DSP). But Nakai already gained support from the Soka Gakkai in November 1995.

Ranking A, B, and C

An executive of the Soka Gakkai explains: "The Soka Gakkai calls some districts the most important districts. But, for example, the new 16th district in Tokyo—where former Education Minister Yoshinobu Shimamura will run—and the new sixth district in Hiroshima—where former Transport Minister Shizuka Kamei will be running—have been considered districts that would be definitely dropped from the list in the next general election. In reality, however, the social council has not decided to support such opposing candidates as Naoko Sato and Koji Sato, the son of Moriyoichi Sato. No instructions have been issued, and, therefore, everything is in a standstill. If Kamei and Shimamura continue to criticize the Soka Gakkai, their opponents will be ranked higher in priority for the Soka Gakkai election campaigns."

As mentioned earlier, the Soka Gakkai's local social council in each electoral district has been quietly ranking Shinshinto's Diet members. In fact, however, this kind of ranking has not been codified yet by the Soka Gakkai. So, I personally interviewed many local Soka Gakkai members and executives as well as people from Shinshinto and included the results in the "ranking" column of the list on pages 104 through 107. What kinds of criteria are used in coming up with these ranks?

A Diet member from the former Komeito confides: "In fact, the Soka Gakkai is now secretly developing a strategy to provide varying levels of support to Shinshinto's Diet members according to their likings and strengths in elections. First, candidates are ranked as A, B, or C. Those ranked in the A group are candidates from former Komeito; they are Soka Gakkai members. As in the case of Komeito's candidates in the past, they will be provided with the 'roller' tactics, including the F strategy, which is to solicit votes from friends and acquaintances as well as from corporations and telephone campaigns. For those ranked B, Soka Gakkai members will canvas to a certain extent by contacting those whom they know. Supposedly, those in the B group are rookies from Shinshinto and those Diet members who are well respected by the Soka Gakkai. Last, those ranked C will be guaranteed only for votes from Soka Gakkai members."

However, Shinshinto's candidates who are being ranked take this ranking scheme differently. For them, the ranking of A, B, and C is a heavy burden as well as an assessment of their worth.

"Another candidate in my prefecture was judged by the Soka Gakkai as 'unlikely to win an election,' and the Soka Gakkai's support was 'cut back.' I have been told by the Soka Gakkai members that the candidate was ranked C. In my case, it seems that I was evaluated highly as a candidate in the upper B group by the local executives of the Soka Gakkai. So, I first went to an enthusiastic rally of the Soka Gakkai members only that was attended by about 1,000 people and then had to be interviewed by the Soka Gakkai executives" (per one candidate).

The interview by the Soka Gakkai executives was extremely harsh and rigorous. It was conducted in a free-spoken manner with a series of questions by the executives on various topics, ranging from the candidate's political philosophy to his view on the Constitution, politics, religion, and so on.

"In the interview, I received comments from the executives that could destroy my personal character as a politician. I persevered for about one hour and then was told that I had passed the test—and was ranked in the B group. I have heard that ordinary Diet members are not even told of their test results. As the Soka Gakkai executives seem to be feeling strongly that "we are the ones who select politicians," you are not in a position to argue against them."

Also, another candidate in the Kansai region confides as follows:

"I was summoned last year by executives from the Soka Gakkai and was interviewed. The interview took place in a room at the Soka Cultural Center, and I met several executives, including Deputy Chairman Ryoze Nishiguchi, who is the head of the Kansai regional headquarters. I received many questions. At that time, however, the issue of revision of the Religious Corporation Law was beginning to attract attention, and the Soka Gakkai was harboring a hostile feeling against the LDP. So, I remember they asked me if I was planning to join the LDP. In any event, I knew from the start that I would gain support, so I did not ask about my ranking."

Why are the Shinshinto's candidates so eager to get support from the Soka Gakkai? Of course, they want to get the votes from the Soka Gakkai members, which number between 20,000 and 40,000 at most in each small electoral district.

Speaking a little more specifically, let us assume that one small electoral district has 10,000 Soka Gakkai members who are unsure of which candidate to vote for. Even if you are ranked in the C group, if you can get support from the Soka Gakkai and have these

10,000 members mobilized for your side, you will have a chance to be ahead by net 20,000 votes against your opponent.

One executive from the Soka Gakkai boasts: "If you are in the B or the A group, you will be ahead more than that. As the voter turnout among the Soka Gakkai members has been somewhat on a decline recently, I cannot give you a clear-cut estimate. But people say that, if a candidate is ranked B, he will be able to receive votes 1.5 to 1.7 times the number of votes from the eligible voters of the Soka Gakkai members; and, if ranked A, he will get votes more than twice the number."

First of all, those incumbent candidates from former Komeito and the new candidates who are the Soka Gakkai members will certainly be ranked A.

From north to south in order, these candidates are Junichi Nagauchi in the new second district in Hokkaido; Kunio Chiba in the new second district in Miyagi; Kenetsugu Wakamatsu in the new sixth district in Saitama; Eisuke Yamada in the new 14th district in Saitama; Akihiro Ueda in the new second district in Kanagawa; Tomoo Nishikawa in the new third district in Kanagawa; Tamaki Sawa in the new 12th district in Tokyo; Akira Kuroyanagi in the new 15th district in Tokyo; Natsuo Yamaguchi in the new 17th district in Tokyo; Yuriko Ono in the new 20th district in Tokyo; Yosuke Takagi in the new 24th district in Tokyo; Yoshinori Oguchi in the new first district in Shizuoka; Jun Misawa in the new fourth district in Aichi; Shozo Kusakawa in the new sixth district in Aichi; Jo Takeuchi in the new first district in Kyoto; Yasuhide Yamana in the new third district in Kyoto; Masahiro Tabata in the new third district in Osaka; Takayoshi Taniguchi in the new fifth district in Osaka; Yutaka Fukushima in the new sixth district in Osaka; Kazuo Ishigaki in the new 10th district in Osaka; Kazuo Kitagawa in the new 16th district in Osaka; Kazuyoshi Akabane in the new second district in Hyogo; Tetsuzo Fuyushiba in the new eighth district in Hyogo; Koji Morimoto in the new third district in Nara; Katsuyuki Higasa in the new first district in Okayama; Hiromi Ota in the new first district in Tokushima; Noritoshi Ishida in the new first district in Kochi; Junji Higashi in the new fourth district in Fukuoka; Kazuo Hiroto in the new 10th district in Fukuoka; and Taiichi Shiraho in the new first district in Okinawa.

Both of the new candidates, Kazuo Nishikawa in the new third district in the Kanagawa and Hiromi Ota in the new first district in Tokushima, are lawyers. Jun Misawa in the new fourth district in Aichi used to be a pitcher for the former Chunichi Dragons. All of them

are considered candidates from former Komeito and will receive total support from the Soka Gakkai.

The Ozawa Faction and the Hata Faction

If a candidate is an influential member of Shinshinto's prefectural federation, or judged to be promising as a new member of the Diet, he may be included in the B group, even if he is not a member of the Soka Gakkai. Also, if an electoral district is judged important by the local Komei and council, the number of candidates in the B group may be increased. A case in point is electoral districts in Osaka, where the number of Soka Gakkai members is extremely large.

In many instances, a candidate is included in the C group out of obligation toward Shinshinto, or if he does not seem to fit the Soka Gakkai's taste or expectation. Even if Shinshinto believes that the candidate will be running in an important district, the Soka Gakkai's social council can classify him in the C group. For example, Shinshinto is enthusiastically saying that "we will have all of our candidate* including former Prime Minister Hata, get elected" in the electoral districts in Nagano (per a person involved in election polling). On the other hand, however, the Soka Gakkai says flatly, "Even without the Soka Gakkai, all of them will be able to get elected in Nagano."

Between the Ozawa faction and the Hata faction within Shinshinto, the former seems to be regarded highly in terms of ranking. For example, Keiwa Okuda of the Hata faction in the new first district in Ishikawa has not received support.

However, there are also some incumbent candidates from former Komeito who are not included in the A group. They have not received support from the Soka Gakkai, either. Like other candidates who are not Komei members, Nobuaki Futami in the new sixth district in Ibaraki has not received support from the Soka Gakkai. His case is extremely unusual for the Soka Gakkai, which has a strong sense of family toward its members. An executive from the Soka Gakkai says in bewilderment: "That electoral district covers Tsuchiura City, where a mayoral election took place last November. This election became a "religious war," and the Soka Gakkai received a serious blow in the fight against the LDP. This time, the Soka Gakkai is quite cautious because the LDP's candidate is Yuya Tanba from the Seiroku Kajiyama faction. I have also heard that the central council has issued a stop order."

Certainly, the Soka Gakkai's social councils have been announcing less and less numbers of candidates for support these days. The Soka Gakkai has been keeping ominously quiet, except when the social council in

Hyogo Prefecture decided on 18 March to support eight candidates, including Yuriko Koike, and when the social council in Tokushima Prefecture decided on 11 May to support a new candidate.

One member of the Soka Gakkai says, "At the Soka Gakkai meetings, we are instructed to 'write the names of Shinshinto's Diet members' for proportional districts. But nothing has been said about the candidates in small electoral districts. The Soka Gakkai does not seem to be trying as hard as it normally does." According to the recent moves made by its executives, the Soka Gakkai seems to be distancing itself from Shinshinto.

An Ogling Glance Toward the LDP

In Tokyo, almost six months have passed since the social council decided to support five Komei-related Diet members. An executive of the Soka Gakkai who lives in Tokyo's Ota Ward says as follows:

"In our ward, we have already decided to give the Soka Gakkai's support to Jin Matsubara in the third district and Shokei Arai in the fourth district. At a meeting of the Soka Gakkai members this year, Arai was asked by a regular campaigner: 'There is a rumor that you are a member of the Unification Church [of Sun-myong Moon]. Is it true?' He responded by saying, 'I am neither a member of, nor related to, the Unification Church.' That did not become an issue after all, and we have decided in our ward to include Arai in the C group."

In any event, even Mr. Kunio Hatoyama, who is in charge of getting support for candidates at Shinshinto's Tokyo Metropolitan Federation, "has no idea" when he will be able to get support from the Soka Gakkai for the remaining candidates in Tokyo.

To be sure, activities at the center of the Soka Gakkai have suddenly gone underground since the end of February.

On 19 February this year, at a liaison conference of executives from Shinshinto and the Soka Gakkai held at the Hazawa Garden in Hiroo, Tokyo, Chairman Einosuke Akiya of the Soka Gakkai said in front of Chief Ichiro Ozawa of Shinshinto and other executives: "After September, the Soka Gakkai will not be sure of whether to support Shinshinto." To this, Chief Ozawa did not respond, but Chairman Watanabe of the Executive Council tried to patch up the hostile atmosphere. In retrospect, that was the moment when the relationship between Shinshinto and the Soka Gakkai began to crack.

Another event prompted the Soka Gakkai to distance itself from Shinshinto and to seek a relationship with

the LDP. It was a mayoral election in Kyoto on 25 February.

In the evening of 22 [February], three days before the election, a historic meeting took place at Kitcho, a Japanese restaurant in Arashiyama, Kyoto. There, Hiromu Nonaka, who was planning to run for election in his hometown district, the new fourth district in Kyoto, had a face-to-face meeting over dinner for several hours with Tomio Fujii, a representative from the local Komei branch. Until then, they had been out of touch with each other for a long time.

"By that day, the Soka Gakkai had already decided to get involved in the mayoral election, sending Fujii to the district, and having the Komei's Kyoto Prefectural Headquarters hold a rally for the first time. While making solid preparations for the mayoral election in Kyoto, Nonaka discussed over dinner with Fujii about plans for campaigning in future elections, including the next general election" (per a local journalist).

In the mayoral election, Yoshiro Inoue from the Japan Communist Party [JCP] fought well, but Yorikane Masumoto, who was backed by the LDP and the Komei, won by a narrow margin of about 4,000 votes. Certainly, this victory was due largely to the Soka Gakkai's votes.

This method—the LDP and the Komei (the Soka Gakkai) fuel their support for their candidate in a district right before an election to undermine the opponents—is called a "Kyoto equation" within the Soka Gakkai. The same "victory equation" was used in a mayoral election in Kurashiki, Ryutaro Hashimoto's hometown, which took place on 19 May. This time also, Fujii's visit to Kurashiki was a turning point in mobilizing about 15,000 members of the Soka Gakkai in the city right before the election. As a result, the opponent, who had been endorsed by the JCP and conducted a favorable election campaign, was defeated by a margin of about 8,000 votes.

"Representative Fujii is quite explicit in what he wants to say. But, at the same time, he is a likable person and is well liked by Honorary Chairman Daisaku Ikeda of the Soka Gakkai. In the case of Kyoto, as well as of Kurashiki, it is quite likely that Fujii was dispatched as a proxy for Ikeda" (per a person associated with the Soka Gakkai).

As seen in these election results, the Soka Gakkai has decided, for the time being, to support Shinshinto's candidates in the next election. In short, however, it has a free hand for the election after the next.

Therefore, the confidential list we have now is applicable only to the next general election. What is at issue, however, is the Soka Gakkai's farsighted scheme

to control the political world while speaking openly of an "individual-oriented" process of choosing candidates for support.

In fact, the current list seems to be sending some hidden messages to the LDP. For example, in the fourth district in Yamagata, the Soka Gakkai supports Shogo Abe as opposed to Koichi Kato. But, in the districts in Gunma, where there are such influential, conservative LDP Dietmen as Yasuhiro Nakasone, Keizo Obuchi, and Yasuo Fukuda, it has not decided whom to support. The same is true for the fourth district in Ibaraki, where Seiroku Kajiyama is a candidate. In the new fourth district in Kyoto, the Soka Gakkai has not decided to support Juntaro Toyoda, chairman of Shinshinto's Kyoto Prefectural Federation who will be running against Hiromu Nonaka of the LDP. The same is true for Takeshi Mikami, who will be running against Teiichi Tanigaki in the new fifth district in Kyoto.

An insider from the Soka Gakkai says, "As Toyoda, a former bureaucrat from the Ministry of Finance, does not bow to people, he is disliked by Soka Gakkai members. But, that is not the only reason. Of course, we are taking into account a possibility of supporting Mr. Nonaka."

Then, there is the fourth district in Okayama, which attracts most attention—Ryutaro Hashimoto versus Mut-suki Kato. The Soka Gakkai has not decided yet to support Kato.

An executive of the Soka Gakkai talks about the Soka Gakkai's future election campaigns as follows:

"The Soka Gakkai failed twice in a row in November 1995—first in the supplementary election in Saga and second in the mayoral election in Tsuchiura. In the case of the election in Saga, the Soka Gakkai had no chance to win, but it got involved because of the LDP's request. The LDP says that the Soka Gakkai is very strong, but that is true only in metropolitan areas. At present, however, the Soka Gakkai is having trouble in increasing voter turnouts even in metropolitan areas; nationwide, it is not that strong. Therefore, we have decided to review our future strategies."

According to a Diet member from the Komei, specific changes in the Soka Gakkai's strategies are as follows:

"In the districts where the Soka Gakkai is planning to cooperate with the LDP in the general election after the next, the Soka Gakkai will stop supporting Shinshinto. Then, by looking at how the political world will be realigned, it will change its focus of support. Most likely, therefore, the current support level for some candidates and their ranking are expected to be altered."

When the Soka Gakkai's way of involvement in politics through elections gets this far, it seems nothing but cunning. In fact, some within the LDP began to talk about the Soka Gakkai's eagerness in waiting for elections.

Masahiro Morioka (LDP), a rookie who will be running against Sanae Takaichi (a Soka Gakkai endorsed candidate) of Shinshinto in the new first district in Nara, speaks of his hope as follows:

"My younger brother is a deputy chairman of the Soka Gakkai in charge of the representative office in Fukui. At present, he may not be able to support me as a representative from the Soka Gakkai. But, since Ms. Takaichi (the opponent) is not a member of the Soka Gakkai, I do not think he will issue a major command to drum up support for her. I am not going to ask for support by myself, but, as the Soka Gakkai is said to decide who to support based on the personal character of a candidate, I will be grateful if it decides to support me."

Today's LDP seems like a completely different organization from the one last year.

In any event, the Soka Gakkai is transforming into an organization that is counted on not only by Shinshinto but also by the LDP. The LDP, which repeatedly criticized the Soka Gakkai at the time of revising the Religious Corporation Law, should be criticized now for its lack of firm conviction. What is more appalling, however, is that the Soka Gakkai took over the main wing by using Shinshinto while planning to move in to the LDP's large quarters, and it is succeeding in this scheme.

If the Soka Gakkai, while keeping its pivotal foot on Shinshinto, can manipulate its members who have become electoral robots and form an alliance with the LDP at the last critical moment, it will be able to carry out election campaigns exactly as it wishes. The more the Soka Gakkai members exert their efforts as electoral machines, the more likely the public becomes alienated from politics.

A candidate from Shinshinto who ran about every which way to gain support from the Soka Gakkai says as follows:

"I think one of the major reasons for the feeling of a political stalemate comes from the fact that, to get elected, a politician has to rely on big corporations and other large organizations like the Soka Gakkai. I do not think it is good for the general public that politicians depend only on large organizations."

After many years, the Soka Gakkai finally is about to have its ambition realized. But, it should reflect on the fact again that the more it gets involved in elections, the more distrust toward politics it creates among the public.

Japan: Hatoyama Brothers Interviewed on Political Realignment

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[Yukio Hatoyama, Kunio Hatoyama interviewed by Takao Iwami: "Brothers Stake Political Future on Realignment"]

[FBIS Translated Excerpt]

Concurrent Resignation Happened by Chance

[Iwami] The political world is large, but among the current members of the House of Representatives those who are siblings are two pairs only; the Hatoyama brothers and the Nakayama brothers, Taro and Masateru. There are several other pairs. For example, the cases of a brother each in the House of Representatives and the House of Councilors are the Miyazawa brothers (Kiichi and Hiroshi) and the Ishii brothers (Hajime and Ichiji). And, those of a father in the House of Representatives and a son in the House of Councilors are Nakasone (Yasuhiro and Hirobumi) and Hayashi (Yoshiro and Yoshimasa). But what's unique about the Hatoyama brothers is that you are the only pair representing different political parties. Now that the political situation is quite tense, do you see each other quite often?

[Yukio] Counting from the time when I entered the political world, we probably see each other more often now than ever before. Before I entered the political world, we saw each other only once or twice a year. But after I entered the political world, we've been able to see each other always in the Diet. Although we are from different political parties, we go out for drinks or something. By the way, this is not banned is it? (Laughter)

[Kunio] We probably see each other over drinks more often than people might expect. Many people talk about us with an assumption that we are not close to each other, or that we are opposed against each other, or even that our ways of thinking must be quite different. Contrary to such expectations, however, we often see each other.

[Iwami] Do you talk mainly about politics?

[Yukio] We talk about silly things, too.

[Kunio] Sometimes, my brother tells on TV those silly things we talked about. It's embarrassing. (Laughter)

[Yukio] It's alright, isn't it?

[Kunio] It's embarrassing, because my brother tells those things inaccurately, changing the contents.

[Yukio] Do I? Anyway, someone said that brothers in the political world basically do not get along very well. As we, the Hatoyama brothers, look different and belong to different political parties, people may tend to believe that we are truly on bad terms with each other. But that's not the case at all.

[Kunio] I sometimes get this renewed feeling that we, after all, grew up in the same family and environment. We have chosen different routes over a short period of time, but our basic ways of thinking are quite similar. This similarity is not a result of discussions, but it seems inherent, I think. Nevertheless, we belong to different political parties, not to mention the fact that one is a ruling party, and the other an opposition party. I sometimes think that this is a reflection of the current political situation.

[Yukio] Let me give you an example about the inherent nature of our having a similar way of thinking. On the same day in June 1993 when the vote of nonconfidence in the Miyazawa cabinet was passed, we both left the Liberal Democratic Party [LDP]. We didn't discuss this beforehand.

[Kunio] That's right. It happened purely by chance.

[Yukio] Expecting that a vote of nonconfidence in Mr. Miyazawa would be passed, I finally made up my mind to leave the party. Then and there, someone said to me, "Your brother just resigned from the party." I was shocked.

[Kunio] I thought it would be rude to make a surprise announcement of my resignation from the party. So, I told somebody about my intention, showing him my resignation letter that I had in my pocket. Then, the story spread quickly.

[Yukio] That somebody is Mr. Muneo Suzuki.

[Kunio] He asked my brother, who was also planning to leave the party, to stop me from leaving the party. (Laughter)

[Yukio] Mr. Suzuki came to me with the news, and asked me to stop you from leaving the party. As I was not ready to disclose my intention to leave the party at that time, I said to him, "I understand you." Then, I looked for Kunio, and told him that "your plan to leave the party has been leaked."

A Curry and Rice Talk

[Iwami] Were you totally unaware of each other's plan to leave the party?

[Kunio] I knew that some future leading members of the Sakigake [Harbinger] had been holding meetings to discuss resignation en masse from the party [LDP]. And, I unofficially attended such meetings once or twice—I was invited casually to attend the meetings, which were held late at night, like nine or 10 o'clock. I myself was sure that staying with the LDP would not change politics in Japan.

[Yukio] My brother entered the political world much earlier than me. He had built up his experience, and even served as the education minister. As he was experienced serving as a minister, I thought he was steeped in the LDP's way. Then he told me that "I'm not satisfied, even though I had a chance to be a minister. I'm always looking at the LDP's executive office with suspicion." So, I asked him to join us, and introduced him to Mr. Hosokawa (Morihiro, a former prime minister). However, my brother said mournfully that if he left the LDP, he would not be able to eat curry and rice at its headquarters. So, he didn't join us.

[Kunio] Did that really happen? Aren't you changing the story, again? (Laughter)

[Yukio] No, no. It really happened.

[Kunio] Now, I remember. I said that as a joke when we were having tea with Mr. Hosokawa.

[Yukio] Then, Mr. Hosokawa said, "If you like, we can also serve you a dish of curry and rice." (Laughter) Joking like this, we tried to have my brother join our party.

[Iwami] So, you didn't seriously urge him to join.

[Yukio] We wanted Kunio to join us, even from the beginning. A person like him with experience as a minister was welcome. But, as the Sakigake's members were all novices with a limited number of times being elected, we couldn't urge him strongly enough to join us, thinking that he might feel awkward in that kind of a situation. I wished we had had no such barrier from the beginning.

[Kunio] Part of the blame was on me, too. Compared to my brother, I'm certainly old-fashioned person. And, I have cultivated relationships with a group of people while being looked after by Mr. Kakuei Tanaka, Mr. Noboru Takeshita, Mr. Shin Kanemaru, and others. These people still carry decisive weight for me. Also, I was not quite familiar with the people in my brother's

group, and I still think that I didn't try hard enough to understand them or their plans.

Moreover, I thought it alright at that time to have many small independent groups of politicians. Mr. Hata (Tsutomu, a former prime minister) and his followers would certainly take some actions, and Mr. Hosokawa and his followers would surely make some move with their eye on the next elections. I also thought that my brother and others would leave their party. I was thinking that it would be alright if all these people formed small, independent groups at the same time, as long as they would unite at some future point in time. Nevertheless, I thought if my brother and others decided not to leave their party, that would lead to an awful situation. In any event, all this was part of a gamble.

A Merger That Didn't Happen

[Yukio] We had several opportunities to have my brother join us after that. During the time when the LDP was an opposition party, I tried to convince my brother and Mr. Kaoru Yosano to join our party. I sincerely asked them to join us, telling them that if the two of them with such superb intellect joined our party, that would add more weight to the party. In fact, I was almost able to have them join our party. Mr. Yosano even said, "If Kunio-san decides to join the party, I will be willing to do the same." Eventually, however, as the LDP returned to power, nothing materialized.

[Kunio] Maybe, we shouldn't be talking about this too much, but it surely happened. That was the only time I seriously considered joining my brother.

Mr. Yosano said to me, "I will take action as long as you are with me. We will call upon our friends and seriously discuss creating a new party through a merger to bring in a new dawn for Japan." Although Mr. Yosano and I have different opinions about the law on religious corporations and the "jusen" [corporations specializing in housing loans] problem, we are basically great friends.

[Iwami] I wonder when all that happened. I guess it happened when you were the deputy cabinet secretary during the Hosokawa administration?

[Yukio] That was after our father died in December 1993. So, it was in February or March, the following year.

[Kunio] That's right. Looking at the way the Hosokawa administration was managed, my brother was thinking that the situation was rather precarious. I was also very worried. Although I was not a member of any political party at that time, I used to convey my opinions to Prime

Minister Hosokawa. But I was thinking that I had to take some action, rather than merely telling my opinions.

Around that time, Mr. Yosano told me what he was thinking, and I thought that if he and I could gather several of our colleagues together for a merger, we would be able to change the situation. I sometimes wonder what would be happening now if we had carried out that plan. I don't know if it turned out right or wrong.

[Yukio] It should have been right. (Laughter) At least to me.

[Iwami] But that was a first step. You have some future plans along this line, don't you?

[Yukio] As long as we are storing all these energies for major actions in the future, I think that would be for the better.

[Kunio] So, I believe that many possibilities existed when the LDP was an opposition party. Once people regain their ruling status, they lose their resilience, as Mr. Shizuka Kamei did. (Laughter)

Assessment of Ryutaro Hashimoto

[Iwami] By the way, I've heard that when both of you were members of the former Keiseikai, you highly regarded Mr. Ryutaro Hashimoto, saying that he should be the politician for the future of Japan.

[Yukio] We've never talked about that between us. But, when we were kids, Mr. Hashimoto's younger brother, Daijiro (the governor of Kochi Prefecture), visited our house very often, and we used to play baseball together. Such being the case, I became a member of the Keiseikai. In terms of popularity, however, Mr. Hashimoto seemed the least popular in the Keiseikai. (Laughter) But, I certainly thought at a time that I should support his kind of a politician.

[Kunio] Mr. Hashimoto has been elected five times more than I, and it is not easy for me to get close to him. But, whenever I worked with him, he treated me nicely, although sometimes he shut me off. So, I used to approach him as if I were dealing with some kind of a monster. (Laughter) As far as I can see, he doesn't have any protege within his faction. But, I've always thought that he is an extremely capable individual. In fact, at the time of choosing a successor to the Uno cabinet, my brother and I both hoped that Mr. Hashimoto would succeed. My brother and I didn't act together, but I went to see Mr. Hashimoto many times. Didn't you, also?

[Yukio] I went to see him only once with Mr. Mihara (Asahiko). At that time, he said, "I can become a prime minister now if I want to. But, I don't have anybody

who would cooperate with me in forming my cabinet. If I become a prime minister under this kind of situation, I would stumble immediately at the time of creating my cabinet. So, I don't think the time is right for me." So, he couldn't find any supporters within the party.

[Iwami] At that time, the Miyazawa faction was also supporting Mr. Hashimoto. In the end, however, Mr. Ichiro Ozawa (the current chief of New Frontier Party [Shinshintō; NFP]) and others from the Keiseikai crashed this plan.

[Yukio] What was even more painful was the day when we both left the party. At a meeting of the LDP's Diet members to call for a nonconfidence vote in the Miyazawa cabinet, Mr. Hashimoto patted my shoulder, and said, "Now, we are going to have elections. This time, I will come to support you immediately. We will discuss our schedules."

[Iwami] That's painful.

[Yukio] Yes, because I had already made up my mind to leave the party, although I could not tell him that under the circumstance. Later at the Diet, he asked me, "I've heard that your brother is going to leave the party. You won't do that, will you?" I said, "I'm sorry," and lowered my head. I told him then and there about my plan for the first time.

[Kunio] On the day I left the party, I almost cried twice. In fact, tears came to my eyes. The first time was when Mr. Hashimoto said to me at a plenary session, "Mr. Hatoyama, you look different," and I told him that "I'm going to leave the party." As I was looking at Mr. Hashimoto's face, I remembered all those years that I had known him. I felt a lump in my throat. Another time was when I submitted my resignation letter to Secretary General Seiroku Kajiyama, because he had been really nice to me. [passage omitted]

Views on the Diet Engulfed by the 'Jusen' Problem

[Iwami] I leave the "jusen" problem itself to the Diet, but I would like to hear your views on this situation.

[Kunio] I believe it is against the principle of self-responsibility in the free economy to use taxpayers' money. Therefore, although we should investigate the causes and who were responsible, we must cancel the plan to spend 685 billion yen. I want to make this point clear, because it relates to the heart of the principle of self-responsibility. At the same time, when I look at the situation calmly, I feel sad to see the fighting between the ruling and the opposition parties over this issue. I myself participated in a sit-in for a couple of hours every day.

[Yukio] You should stop doing that. (Laughter)

[Kunio] But, if I stop, the measure will be passed immediately.

[Yukio] No, it won't.

[Kunio] Yes, it would have. As I believed it would, I was doing it.

[Yukio] No, it wouldn't.

[Iwami] Well, well. Kunio-san, what do you mean by saying that you feel sad?

[Kunio] This is not a kind of an issue where the ruling and the opposition parties should be divided by their opinions. And, if we called for elections to decide whether it is right or wrong to spend taxpayers' money for the "jusen" problem, I would truly consider Japan as a wretched country. The issue involves neither a diplomatic problem, like the one between China and Taiwan, nor a conflict between the decentralization and the centralization of government. It is neither that financial institutions are friends of the LDP, nor that they are enemies to the NFP. It is simply the matter of how to deal with what has happened.

[Yukio] Therefore, if you, Kunio, could understand that it's wrong to stop the political administration at the national level for the sake of this issue only.... (Laughter)

[Kunio] So, what I'm saying is that if [the plan to spend taxpayers' money was] canceled immediately, I could have moved on quickly.

But, what's lying beneath is a sense of distrust toward the LDP. When the LDP became the strongest opposition party in the history of Japan when the Hosokawa administration was formed, something changed within the LDP. The LDP, then, brought a chaos into politics by fighting against the ruling parties as if it couldn't care less about deliberating on the budget. From the time when this LDP returned to power to this date, there has been no policy measure in which the ruling and opposition parties reached a consensus. On everything, including schedules, the LDP has been pushing government proposed plans, never listening to what the opposition parties have to say. The collapse of the 1955 structure was good, but there is a strong sense of distrust toward the high-handed manner of running the Diet.

[Yukio] I'm also concerned about the emergence of such a situation. I can understand the desire of the LDP members to say what they want to say, because they are a majority among the ruling parties. But, if they all think that they have regained their ruling power status because of the formation of the Hashimoto administration, that's quite alarming. If so, we must apply the brakes to stop them from becoming too reckless. [passage omitted]

The NFP Is Inward-Looking

[Kunio] Elections for the House of Representatives are, by nature, to choose the political power, aren't they? And, I think we can safely say that the public chose a non-LDP political power in the last election. However, this public choice was distorted to a significant degree, and we now have an LDP-centered coalition government. I honestly believe that Mr. Ozawa made mistakes in his judgment along the way. In any event, this is an abnormal situation.

Mr. Hata recently talked about political realignment after the next elections, and Mr. Hosokawa may also have a similar idea. But, I don't think the correct way to form an administration is to rearrange various groups after the results of elections become known.

[Yukio] That's right. It's cowardly.

[Kunio] We must show why we want to gain the political power with such and such policies. It is not right to talk about political realignment after the elections are over. I would like to say that we should show our stance before the elections.

What worries me here is that the NFP's wings have gotten smaller. The NFP is becoming a party that is quite inward-looking and diminutive. There is a strong prevailing mood within the party to look inward and to be cohesive within, like a herd of cattle; if you happen to look outside, you'll be scorned for being a traitor.

[Yukio] That's because the party doesn't have confidence in itself.

[Kunio] They seem to think that those who are looking outward will disappear from their party. This is awful. With that kind of a sentiment, the NFP will never be able to get the political power, I think. I was very much disappointed to hear so many objections when I attended a meeting of the "Future Course of Japan [Nihon no Shinro]." I was even asked to recruit three or four people from the "Future Course of Japan."

[Yukio] I wonder why they can't speak up.

[Kunio] It's alright to urge everyone to unite and work hard to solve the "jusen" problem, but if you insist upon cohesion only, you will not be able to expand your political party.

[Iwami] The political world consists of many kinds of people. And, therefore, it can't be managed by the purists only, like those Yukio-san is talking about. Back in the old days, the reformist group used the word, "avant-guard." Unless there is a well-polished, core group that can lead the whole, nothing will advance, I think.

[Kunio] Avant-guard!

[Yukio] The word, "Sakigake," also has the meaning, "avant-guard."

"First, My Brother Has To Leave His Party"

[Kunio] In any event, I think they came up with a great name, the Sakigake. I sometimes use the word unintentionally in my speech. During the elections for the House of Councilors, for example, everybody laughed when I said, "We should also become the 'Sakigake' of such and such.... I'm sorry I just used the name I hate most."

[Yukio] You can use the name more often. (Laughter) Anyway, I think it necessary to have motivation to be the center for carrying out political realignment. But, I believe if you get too serious about making your political party a majority, you will fail.

Like when Mr. Hosokawa received an enormous amount of attention from the public just because he took initiatives by himself, the public support is not dependent on the number of members in a political party. Rather, a group with well-polished objectives must move things forward, and the public concurs with these moves, applauding the group. Then, as if to be attracted to this approval, new members join the group. This is the way we should strive to achieve.

What's most important in doing so is to trust yourself, your counterparts, and the actions of the public. When you don't have trust, you can't take actions. The reason why the NFP is in the state that Kunio described is that the party has no confidence in itself. Because of this lack of confidence, it tends to keep attacking its counterparts just to protect itself.

[Kunio] That's exactly the case among the ruling coalition parties, as well. A lack of confidence results in that kind of political administration. So, I truly believe that the current politics is run by those with no confidence in themselves.

[Yukio] The question is whether individuals can take actions by dissociating themselves from this situation, without regard to their party status, ruling or opposition.

[Kunio] What should be done first is either the Sakigake leaves the ruling coalition, or Yukio Hatoyama leaves his party. That should be the start.

[Yukio] Such time will definitely come.

A Phone Call From the Mother

[Iwami] As long as you share the common vision, it is perfectly alright, for example, to have a Hatoyama brothers new party.

[Kunio] Honestly speaking, as I have been in the mainstay of the party, serving as a chief of the headquarters for the NFP's inauguration ceremony and now as a chairman of the public relations and planning committee, I think it very difficult, or a matter that requires a major decision, to change my course of actions from here on. I also believe that the NFP is playing a major role in political realignment. But, I don't think it all-right to maintain the current situation. I'm worried that I shouldn't wait too long, and that having elections under the current condition may not lead us to a better future.

[Yukio] My mother called me on the phone the other day. She lamented about the current situation. She told me her opinions particularly about the sit-ins, and asked me if I was ashamed of the situation as a Diet member. Then, she said, "Why don't you and Kunio-san remove the badges and create a new party?" She asked me "to cooperate with each other."

[Kunio] Removing the badges? That means, resigning our seats?

[Yukio] That's right. She was angry to the extent of saying, "How can you continue to be a member of this kind of a rubbish Diet?" In other words, she was angry equally at the ruling and opposition parties, like saying that both sides in a fight are wrong. So, she wanted both of us to resign.

[Iwami] An amazing conversation.

[Yukio] I think we need to have such a determination. As I happen to be a member of the ruling party at this point in time, I will do the jobs that need to be done. But, I don't think my doing so will restrict my future actions.

In any event, the current session of the Diet will come to an end, and the time will come for us to present our visions proudly. Aside from the question of whether to resign my seat in the Diet, I strongly believe that my actions will not be constrained by the fact that I'm a member of the ruling party.

[Iwami] I totally share your feelings, Yukio-san. It is of no use to count the number of free spirited people. Rather, as long as there is someone who is free spirited, some actions will be taken. Then, the question is how many people will follow this individual. Isn't this how things go in the end?

[Kunio] One time, when I was drinking and talking with my brother, I said to him that it might be necessary to have a determination, even if it could turn my local constituents totally against me.

[Yukio] Well, didn't you say that you had abandoned your local constituents? (Laughter)

[Kunio] No, no. You are making up a story again. What I think is that even if there is a chance that my local constituents would turn totally against me, it may be necessary for me to have a determination to take actions without worrying about such consequences.

[Yukio] I see.

[Kunio] The people in my electoral district may get angry if I say this, but to find a new direction, we have to take actions in a free spirited way, without worrying about a possibility of turning our local constituents against us. I think also that unless we have such a determination that may put us out of office for a term or two, politics in Japan will never change.

[Yukio] The public will place their complete trust on such integrity. I think what's important here is to believe that your intention will be eventually understood by the public.

[Iwami] But, if there is no strategy to translate such a vision of high quality into quantity, nothing will be accomplished in politics. Therefore, to gain quantity without sacrificing the quality, political intuition becomes a major key, I think.

Cooperation Between Idealism and Realism

[Kunio] We seem to have talked only about criticism against my party. But, to avoid any misunderstanding, I would like to mention that my party also has many wonderful members of the Diet with high ideals. I don't think it impossible to create a way that will make the best use of these people's caliber, knowledge and ideas.

[Yukio] We want to cooperate with those people as much as possible so as to find the future course for Japan. In fact, soon after the issue of this magazine with this interview is published, we are going to have a get-together for cherry blossom viewing, with each of us inviting about ten Diet members.

[Kunio] We will be drinking sake and talking about the future under the full blossom of cherry trees.

[Iwami] Well, I'm very interested in finding out which politicians will be there. Idealism of Yukio-san, and realism of Kunio-san.... Am I using wrong words?

[Kunio] You make me feel forlorn. (Laughter)

[Iwami] But, idealism alone will not translate quality into quantity. So, I hope you will do your best by joining forces together.

North Korea

DPRK Paper Claims Japan Helped U.S. Use 'Germ Weapons' in War

SK2507080896 *Pyongyang KCNA in English*
0437 GMT 25 Jul 96

[FBIS Transcribed Text] Pyongyang July 25 (KCNA) — NODONG SINMUN today discloses the crimes the Japanese imperialists committed against the Korean people during the Korean war (June 25, 1950-July 27, 1953), banking on the U.S. policy of aggression.

In an article the daily give a full detail of their crimes in the Korean war.

It says:

After a war broke out in Korea, the Japanese reactionaries held a cabinet session on July 4, 1955 [as received] to take administrative steps to zealously support the U.S. forces in the war of aggression. They decided to increase the marine and land transport capacity, install telecommunications, effect temporary marine insurance and take a financial step for it.

Japan dispatched the first batch of 200 servicemen and the second batch of 4,000 to Korea by order of the United States.

Japan's special mine sweepers were also sent to the Korean war to clear 327-kilometre-long fairways and 607 square miles of anchorages in Inchon, Wonsan, Kunsan, Haeju, Nampo and other places from October 2 to December 12, 1950.

According to data released by the shipping department of the Ministry of Fisheries of Japan, 248 ships were mobilized by Japan to transport war supplies to the U.S. forces from July to the end of October, 1950.

The Japanese Government ordered the United States germ weapons developed in secrecy by the "737 unit" of the Kwantung Army in a north area of China during World War II. It also helped the U.S. forces use the germ weapons in the Korean war.

Pointing out that the United States and Japan were chief criminals of the Korean war, NODONG SINMUN says:

If Japan had not taken part in the Korean war, the United States could not have held out so long in the war and Korea would not have suffered great calamities as it did.

And if Japan had not massproduced various kinds of weapons, shells, bombs and germ weapons and supplied them to the United States, Korea would not have lost so many people.

Japan can never veil its crimes in the Korean war.

It must properly apologize for not only the crimes committed after occupying Korea but also those it perpetrated in the Korean war and make an adequate compensation for them.

DPRK: Group Sends Clinton Note Urging U.N. Command Dissolution

SK2507092996 *Pyongyang KCNA in English*
0912 GMT 25 Jul 96

[FBIS Transcribed Text] Pyongyang, July 25 (KCNA) — The presidium of the International Liaison Committee for Reunification and Peace in Korea (CILRECO) sent a letter to the U.S. President on July 17 demanding the dissolution of the "UN Command" in South Korea.

Truman, the then U.S. President, appointed commander of the U.S. Far Eastern Forces MacArthur as the commander-in-chief of the "UN Forces" on July 8, 1950 and set up the "UN Command" on July 25 to label Allied Forces dispatched to the Korean war as "UN Forces".

Public figures of different countries regarded the misuse of the name of the UN in the Korean war by the U.S. as doubtful and unreasonable, the letter said, adding that the issue of dissolving the "UN Command" was discussed and adopted at the 30th session of the U.N. General Assembly.

The letter went on:

The CILRECO presidium considers that it is high time that the United States put into practice its commitment 20 odd years ago to dissolve the "UN Command" in case an alternative is created and showed its willingness to see peace and reunification of Korea.

We express the hope that the president, making an accurate analysis of the situation, will dissolve the "UN Command" in South Korea in accordance with the U.N. resolution and take proper steps to establish a new peace mechanism on the Korean peninsula through dialogue with the Democratic People's Republic of Korea.

This will create a new atmosphere of detente on the Korean peninsula and meet the expectation of nations and countries loving justice and peace, the CILRECO presidium considers.

DPRK: U.S. Paper Notes ROK's 'Anti-Democratic Policy'

SK2307130296 *Pyongyang KCNA in English*
0900 GMT 23 Jul 96

["U.S. Paper on Anti-Democratic Policy of S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — THE NEW YORK TIMES July 10 carried a by-lined

article about anti-democratic policy of South Korea. The paper said that a South Korean student studying in Canada was trying to send a news item of the North to his home in South Korea through Internet but was checked by the South Korean authorities, who used to be proud of "democracy" and "public information network." This is evidence that democracy is never ensured in South Korea, it noted.

Kim Yong-sam advocated "democracy," declaring the end of military rule, but he differs little from the former military dictators, the paper said.

Kim is maintaining the laws against democracy, threatening reporters with taxation, using TV broadcasting as his property and bugging telephone of opposition leaders, it added.

There are hundreds of political prisoners in South Korea and the authorities' moves against democracy are extending to foreign reporters, the paper said.

DPRK: KPA Panmunjom Mission Proposal to U.S. on Contacts

*SK2507134996 Pyongyang Korean Central Broadcasting Network in Korean
1212 GMT 25 Jul 96*

[Press statement issued on 25 July by a spokesman for the Panmunjom mission of the Korean People's Army — read by announcer]

[FBIS Translated Text] A spokesman for the Panmunjom mission of the Korean People's Army [KPA] issued the following press statement on 25 July in connection with the U.S. imperialists and the South Korean puppets driving the situation on the Korean peninsula toward a more dangerous circumstance [homakhan chikyong], which is contrary to our Republic's Government's sincere efforts to establish a peace mechanism:

Press statement by a spokesman for the Panmunjom mission of the KPA:

Five months have passed since the Republic's Government put forward a proposal for concluding a tentative agreement between the DPRK and the United States in order to remove the danger of a contingent armed conflict [tolbalchogin mujangchungdol] and war and to ensure peace on the Korean peninsula. The process of development in the situation during this period have eloquently proved that only when our proposal for concluding a tentative agreement is realized is it possible to ease the tense situation and prevent armed conflict on the Korean peninsula.

The situation on the Korean peninsula is falling into a dangerous circumstance which cannot be at all predicted

due to the reckless arms buildup maneuvers and war commotion by the U.S. imperialists and the South Korean puppets.

The United States recently decided to deploy additional land forces as large as one brigade to the U.S. Forces occupying South Korea. It also decided to drag in 30 more new AH-64 Apache helicopters, and even set up a new flying wing with them as its mainstay. It also plans to deploy for actual warfare 40 high-tech missiles in South Korea in the near future.

At the instigation of the United States, the South Korean puppet army has heated up the arms buildup for preparations for a new war, and early this year it dragged in eight P-3C antisubmarine patrol planes and deployed them for actual warfare. As such, it is actively pushing ahead with a project to equip the puppet army with high-tech missiles, anti-artillery radar systems, unmanned reconnaissance planes, F-15 fighters, a light aircraft carrier, ships with the Aegis weapons system, and other sophisticated military equipment.

Various kinds of military exercises by the United States and the South Korean puppets have been further intensified and become more frequent, and their provocative nature has reached its height when compared with the past.

Since the beginning of this year, the United States and the South Korean puppets have staged Hoguk 96, 96 Ssangyong, 96 Hwarang, and many other large-scale military exercises, landing operations, and air strike exercises one after another against us. On 15 July, they carried out a joint landing drill on the east coast of Korea. In July alone, they held scores of adventurous war exercises.

In particular, the South Korean puppets, instigated by the United States, have fired thousands of bullets and shells almost every day in areas adjacent to the Military Demarcation Line (MDL), along which enormous armed forces of both sides stand in confrontation. They are not hesitating to carry out acts that create such a frenzy of armed conflict.

Meanwhile, the chief executive of South Korea [namjison tanggukcha] even showed up near the MDL, incited war fever and enunciated violent remarks by saying that issues between the South and North could be resolved only by military strength. This adds all the more to the seriousness of the situation.

The prevailing situation on the Korean peninsula urgently demands that a legitimate military contact channel be established at an early date to prevent the imminent danger of accidental armed conflict and maintain

the armistice state effectively before the concluding of a peace agreement is discussed.

In this connection, we propose to the U.S. military side to resume working-level negotiations for talks at the general officer level in order for the DPRK and U.S. military authorities, the real parties to the Korean Armistice Agreement, to conclude a tentative agreement on preventing confrontation and conflict in areas along the MDL and to institute a tentative mechanism to implement the agreement.

If the tentative agreement is concluded, it will no doubt make a breakthrough in the way of negotiations for concluding a permanent peace agreement.

A measure to prevent conflict is urgently needed also for a successful settlement of the remains issue and the missile issue, pending problems between the DPRK and the United States.

Regardless of such a situation, if the United States persistently turns its back on our proposal for concluding a tentative agreement, it will be all the more obvious what they seek on the Korean peninsula.

Moreover, recently some forces, mostly consisting of South Korea and Japan, are creating an atmosphere to pressure us over the issue of the four-way talks. This increases our doubts about the ulterior motives of the United States.

We are prepared for both dialogue and confrontation. The United States must ponder our peace-loving initiative.

DPRK Daily Stresses Need for New Peace Mechanism

SK2507035496 *Pyongyang Korean Central Broadcasting Network in Korean*
0820 GMT 24 Jul 96

[NODONG SINMUN 24 July article: "Cease-Fire Is Not Peace — A Discussion on the Peace Mechanism Issue on the Korean Peninsula"]

[FBIS Translated Text] Though it has been 43 years since the boom of guns in war stopped on the Korean Peninsula, complete peace has not yet come to this land. Far from peace, even the unstable armistice system has broken down, creating a tense situation in which war may break out today or tomorrow [chonjaengi onurinya naeirinya hanun kinbakhhan sataega chosongdoegoitta]. The peace problem on the Korean Peninsula has still not been resolved, even now, near the end of the current century, because of the failure to replace the old armistice system with a new peace mechanism.

The Great Leader [suryong] Comrade Kim Il-song taught: The Korean Armistice Agreement is an agreement on suspending a fight, not an agreement that guarantees complete peace in Korea.

A ceasefire is, by nature and literally, the temporary suspension of a war and hostile acts, and it does not mean the end of war. Accordingly, an Armistice Agreement cannot guarantee complete peace. According to an interpretation in accordance with international law, a ceasefire under a temporary agreement between Army general commanders of both sides is applicable to a state of war, and does not mean a state of peace. Therefore, in the past, countries engaged in mutual hostilities signed an Armistice Agreement to restore a state of peace, and then signed a new peace agreement shortly thereafter. The interval was usually several months and did not exceed a few years.

Armistice agreements signed among countries during World War I were mostly replaced with peace treaties in six months, or one year or two after they were signed; those signed during World War II were replaced with peace treaties in a few years, no later than 10 years after they were originally signed. The 1973 Vietnamese Armistice Agreement was replaced with a peace treaty in one month. The 1979 Mideast Peace Treaty was signed five months after an armistice agreement was established.

Originally, the Korean Armistice Agreement was supposed to be followed by higher-level political talks within three months to take steps to restore a state of peace. However, due to the U.S. imperialists and the South Korean puppet clique, the plan was not realized, and even now, 43 years later, the armistice system has still not been replaced with a durable peace mechanism. This long ceasefire is unprecedented in the history of world ceasefires across the ages and countries of the world. This is a very abnormal situation [maeu pijongsangjogin satae].

It is not that the ceasefire has been maintained smoothly during the period. The Korean Armistice Agreement has been violently infringed upon by the United States and the South Korean puppets since the first day of its conclusion. The United States and the South Korean puppets had signed an aggressive U.S.-South Korea military agreement, which completely denied the Armistice Agreement, even before the ink on the Armistice Agreement had dried. They also unilaterally abolished or ignored articles of the Armistice Agreement, which they regarded as obstacles to their new war preparations maneuver, including Article 13 of the Armistice Agreement which prohibits bringing war equipment and materials for operations into the Korean Peninsula.

On this basis, they reinforced the aggressive armed forces on a large scale without any control or restriction, and even brought in nuclear weapons to turn South Korea into the largest weapons storage, the most dangerous nuclear base, and the greatest barracks in the world.

The South side area of the Military Demarcation Line [MDL] is not a military buffer zone; rather, it became an acute borderline area of war in which a war can break out even by an accidental firing by an individual soldier. DMZ has changed into a complete armed area and heavily armed region.

Large-scale nuclear war exercises to invade North Korea are being carried out continuously every year in South Korea. Also, there were many occasions when the situation even reached on the verge of entering into a very dangerous nuclear war due to military provocations in the sky, on the ground, and at sea.

How dangerously the armistice has existed in Korea can be proved when one views the fact that there were hundreds of thousands of cases in which U.S. imperialists and the South Korean puppet clique violated the Armistice Agreement and, because of this, hundreds of meetings of the Military Armistice Commission [MAC] were organized. We can find no other place in the world where such an armistice situation has existed dangerously for a long time.

The functions of the armistice supervisory organizations, which are entrusted with the mission to implement the Armistice Agreement, have been completely paralyzed. It has been a long time since the neutral inspection group was driven out by the United States; and the United States incapacitated MAC by replacing the senior delegate of the UN Forces side with a South Korean, who is merely a puppet with no qualification or rights.

Now, the form and content of the Armistice Agreement have become obsolete and ruined. Today, it has become practically insignificant to discuss the issue of abiding by the Armistice Agreement.

The armistice system in which its supervisory tool has even become vanished cannot be depended upon even though we confront the danger of any kinds of war at any time. Regardless of the situation, the reason why the old armistice system has not been replaced with a new peace mechanism even today is fully due to the opposition of the United States and the South Korean puppet clique. The United States and the South Korean puppet clique not only ruptured the convening of a political meeting to restore a state of peace as predetermined in the Korean Armistice Agreement, but they have consistently ignored our repeated proposal

to replace the Armistice Agreement with a peace agreement.

With a view to resolving this issue, we made very sincere efforts. This is well shown by the fact that from the time the Armistice Agreement was signed up until now, we put forward over 300 times various formulas for arms reduction and peace, including the issue of guaranteeing peace on the Korean peninsula. Recently, as a minimum systematic mechanism to prevent an armed conflict and war on the Korean peninsula, we put forward a generous proposal to conclude a tentative agreement replacing the Armistice Agreement until a complete peace arrangement is concluded. However, there was not even one time when the United States and the South Korean puppet clique made a constructive peace proposal; they denied all of our fair and square and practical peace proposals.

In connection with the proposal for a tentative agreement that is the most rational and practical, they have avoided accepting it, raving about the maintenance of the Armistice Agreement and the principle of the parties concerned of the South and North. They are claiming that the Korean Armistice Agreement should be maintained until the peace agreement is concluded; and if the Armistice Agreement is replaced with the peace agreement, the parties concerned must be the South and North. It is needless to say that this is an absurd claim aimed at interfering in the peace process of the Korean peninsula.

The Armistice Agreement has already become obsolete. It is impossible to revive or restore it. Also, the supervisory tool does not even exist. To say the Armistice Agreement must be abided by and maintained is nothing but a wordplay. For the ringleader who led the Armistice Agreement to today's situation, to talk about maintaining and abiding by it is indeed preposterous and ridiculous.

Moreover, the South Korean puppets, who are cat's paws of the United States and are merely dummies without any real power or the military command, are claiming to be a party for the replacement of the armistice system with a peace mechanism. This only clearly reveals their lack of common sense and brazen-facedness.

As specified in international law on agreements, one should have a legal status as a representative, qualifications, responsibility, and authority to be a party concerned in certain negotiations or an agreement. This is a precondition for negotiations and a mandatory requisite for guaranteeing the conclusion and implementation of an agreement. Furthermore, this becomes a life-and-

death issue when establishing a peace mechanism that concerns the security of the nation and the country.

The South Korean puppets, however, do not have any legal status as a representative or qualification for replacing the Korean armistice system with a peace mechanism. This is primarily because the South Korean puppets are not a party concerned in the Armistice Agreement. The replacement of the Armistice Agreement with a peace agreement is an issue to be discussed between the parties concerned in the Armistice Agreement.

According to international law on ceasefire, the parties concerned in an armistice agreement are the parties that signed the agreement. The puppets, however, did not participate in concluding the Korean Armistice Agreement nor did they sign it. If there was anything the puppets did in connection with the Armistice Agreement, it was their every possible and desperate effort to deter the conclusion of the agreement.

When negotiations on ceasefire began in Korea in 1951, the South Korean puppets made a stir opposing the negotiations throughout South Korea, calling for northward march by themselves. In 1952, the puppet National Assembly fabricated a bill recommending the release of prisoners of war (POWs) aimed at breaking the ceasefire negotiations, and the puppets actively participated in the massacre of POWs in various places, including Kojima Island. When the negotiations on signing the Armistice Agreement reached a final stage in 1953, the puppets grumbled angrily to their master, opposing ceasefire and negotiations on ceasefire, and finally declared an emergency martial law across South Korea and released some 25,000 anticommunist POWs, desperately trying to break the Armistice Agreement system to the last. After the Armistice Agreement was signed, they made a stir to nullify it. In February 1958, the puppet National Assembly even adopted a resolution on abolition and nullification of the agreement on ceasefire.

This tells the South Korean puppets have completely lost their qualifications as a legal party concerned in replacing the Armistice Agreement as well as their moral face. The puppets, who opposed the conclusion of the Armistice Agreement that strongly and even declared the nullification of the agreement after it was signed, now claim to be a party concerned in the Armistice Agreement. This may be described as an extreme shamelessness. The South Korean puppets do not have any real power to guarantee a peace mechanism. When reviewing the military command of the puppet Army only, it was transferred to the commander of the U.S. occupation forces in South Korea in accordance with a document dated July 1950

on transferring the operational command; and the world knows this.

As it did at that time, now the United States still grasps the supreme power of the puppet Army. Though the puppets make a fuss about the fact that the command for peacetime has returned to them, it was an extremely perfunctory thing, and even if they received back the command for peacetime, the puppets cannot handle important issues concerning peace.

Moreover, it is far from imaginable that the puppets can exercise control over the U.S. imperialist aggression forces in South Korea that have the main responsibility for straining the situation on the Korean peninsula.

Needless to say, it has never been possible for the colonial servants, who allow foreign occupation forces to stay on their land and are completely deprived of real military power, to act as a party concerned to the negotiation for ending a state of war and restoring a state of peace. Even if it is possible, the matters discussed with them cannot be guaranteed.

Although the North and the South engaged themselves in dialogue over the issue of ending military confrontation and even promised nonaggression between them in the past, none of them have been abided by. The situation was aggravated rather than eased, and the danger of war increased rather than disappearing.

The maneuvers for a war of northward invasion became more conspicuous; the armistice mechanism was thoroughly destroyed; and the anti-DPRK commotions, which even the imperialist combined forces joined under the pretext of the fictitious nuclear issue of the North, reached the climax, leading the situation on the Korean peninsula to the worst state since the end of the war.

The reality shows that the South Korean puppets have neither qualifications nor capability to be an independent party to discuss the issue of replacing the armistice mechanism with a peace mechanism and that the issue of peace cannot be resolved or guaranteed through them.

At one time, even making a mention of peace and peaceful reunification was prohibited in South Korea, and it is doubtful that the South Korean puppets, who are employing the anti-DPRK confrontation policy more and more, have the intention to resolve the issue of peace at all. There is no need for further discussion in connection with the fact that such puppets cannot become a party concerned to the replacement of the armistice mechanism with a peace mechanism.

The South Korean puppets, raving about their assertion on the parties concerned of the North and the South, present the cause that they were a warring party [kyojon

ilbang] in the Korean war and that they were one of the parties to the actual military confrontation, which actually deploy armed forces on the Korean peninsula today.

This is again a clumsy excuse. Those who participated in a war and have deployed their armed forces do not all come to have qualifications, in terms of international law, as a warring party and a party to confrontation, nor do they all come to have qualifications as a party concerned to the negotiation in connection with ending a war.

In World War I, 36 countries and regions participated from both sides, but only several countries that played a leading role in it were regarded as the warring parties in terms of international law. Therefore, an agreement in connection with ending the war was signed between them.

In World War II, some 60 countries and regions participated, but the peace treaty was signed between the Soviet Union, the United States, Britain, France, Germany, Italy, and Japan.

In the Korean war, the United States had the South Korean puppets and the troops of a number of other states, which toed the line of the United States, participate, but the warring parties in terms of international law were our side and the United States which wore the uniform cap of UN Forces.

The UN Forces are a fabrication of the United States. The UN Forces, which is synonymous with the U.S. Forces, are a tool to carry out a war of aggression of the United States; and the South Korean puppet Army and the troops of the states that toed the line of the United States, played a mere role of cannon fodder for a war of the United States in the war.

Therefore, the Armistice Agreement was signed between our side as a signatory of one side; and the United States, which wore felt hats of the UN Forces, as a signatory of the other side. The South Korean puppets neither participated in a ceremony for the signing of the Armistice Agreement nor signed the Armistice Agreement, thereby losing their qualifications for being a warring party in terms of international law.

In connection with the South Korean puppets' assertion that they represent the real identity of the armed forces and that they are a party to the military confrontation, they are only the remains and extension of the Korean war, and no change has taken place in the status of the puppet Army and the puppets since the Korean war.

This contention of the puppets may be an example showing that the puppet army is the cannon fodder

for U.S. imperialist aggressors. However, it cannot be an evidence in arguing about the qualifications of the parties concerned.

It is precisely a sort of political cartoon that the colonial stooge—who is not a party concerned to the Armistice Agreement and has no prerogative of supreme command of his army and who, in spite of this fact, has become a mere cannon fodder simply because he has military forces—has turned himself into a party concerned to a peace mechanism. This creates only complexity in resolving problems and is of no help.

If there is anything the Kim Yong-sam ring can do to secure peace and ease tensions on the Korean peninsula, it should not presumptuously break in, without knowing discretion and decency, on the issue of replacing the armistice system with a peace mechanism that should be settled between the DPRK and the United States. Instead, it should keep the agreement on nonaggression which the North and the South already adopted; and suspend the anti-Republic commotions aggravating the political and military confrontation between them.

In a nutshell, the argument over the parties concerned of the North and the South is nothing but an excuse to avoid the responsibilities of the United States concerning the Korean peninsula question and to shun the proposal for concluding a tentative agreement to establish a new peace mechanism that will ensure perfect and durable peace in our country.

The United States and the Kim Yong-sam ring are not interested in the question of peace on the Korean peninsula; and what they are seeking is the policy of confrontation and war. This is proven by the fact that while clamoring about disarmament and peace in other regions, the United States is continuously pursuing its policy to crush our Republic by further aggravating tension on the Korean peninsula.

It is a well-known fact that the brunt of the U.S. military strategy has been further concentrated on the Korean peninsula since the end of the Cold War.

The South Korean puppets are more frantically hell-bent on the maneuvers for confrontation and war while foolishly attempting to realize their delusion of northward invasion and victory over communism by clinging to their boss. This has become an important cause blocking the peace process on the Korean peninsula today.

The United States should end its anachronistic policy of military occupation of South Korea. And the Korean peninsula question should be settled peacefully. The Korean peninsula can no longer remain an isolated island of the Cold War. The armistice system, a legacy of the Cold War and the Korean war, should be

liquidated at the earliest possible date; and a new peace mechanism should be established.

Whether or not the old armistice system is replaced with a new peace mechanism on the Korean peninsula has become a touchstone that separates the two different positions of peace and war.

The longer the old armistice system continues, the higher the danger of war will become.

Resorting to the old armistice system, which is not capable of preventing a war, will only result in precipitating an outbreak of war that will inevitably lead to destruction.

If another war breaks out on the Korean peninsula, nobody will go unharmed, and even those across the straits or ocean are no exception.

Peace is important to our people, and it is also valuable to anyone.

If the United States truly opposes a war and wish for peace, it should seek to replace the old armistice with a new peace mechanism without delay; and accept our proposal for a tentative agreement. This is the only way to bring about perfect and durable peace on the Korean peninsula.

DPRK: ROK 'Insanity' in Planning Northward Invasion Decried

SK2507045596 *Pyongyang Korean Central Broadcasting Network in Korean*
0855 GMT 24 Jul 96

[Commentary from 24 July NODONG SINMUN: "Going Berserk Eager To Stir Up a Hornet's Nest"]

[FBIS Translated Text] The anti-Republic confrontation and insanity of northward invasion of the South Korean puppet ruling circles is reaching its peak. The puppets waged another round of war provocations reeking of gunpowder in the vicinity of Seoul, dragging out puppet army units beginning 23 July. This war exercise, which is to be continued for as many as three days running day and night without a break, is reportedly conducted in a frenzy in a real war-like atmosphere with guns being fired and grenades being exploded.

It bodes ill that the puppets make a racket, frightening the residents in populous Seoul which reverberates around the clock with the roar of firearms as a result of the war exercise.

In recent years, the puppets have waged war provocations in the vicinity of Seoul every so often under various names — the civil defense drill, the Hwarang Exercise, and the Regimental Combat Warfare Exercise.

Behind the fact that the puppets every day drive the nation's political affairs to the verge of an ever-more-dangerous near-war situation by creating an uproar of provocative war exercises in the sky, on the land, and at sea in South Korea, there lurks the intention that cannot be overlooked that they are making the vicinity of Seoul the venue of a war exercise for a war of northward invasion. In a nutshell, it results from the criminal scheme which intends to arouse animosity against us among the South Korean residents and create a war atmosphere; to shift the people's indignant eyes, which are currently focused on the puppets, elsewhere; and to further complete the readiness for a war of northward invasion.

Recently, absurd anti-nation, anti-reunification, and bellicose remarks were indiscriminately spouted from the traitor Kim Yong-sam's mouth, saying the South Korean residents should consider the DPRK as the enemy, not as brethren, and that the issues between the South and North can be solved only through military force. The kingpins of the puppet military are recklessly running amok, just as the saying goes that a one-day old puppy is not afraid of a tiger, babbling about a hard blow and an annihilation against someone. The Kim Yong-sam belligerent group is heated up all the more by an arms buildup aimed at a northward invasion, and is continuously conducting war provocations to put into practice the already-publicized plan of a northward invasion. This obviously bears out that the puppets are dying to light the fuse of ???H?>d??northward invasion.

It is needless to say that the hoopla of war provocation the puppets waged in the vicinity of Seoul is a planned maneuver to consummate the readiness for a war of northward invasion.

We are now showing all sincerity and are exerting every effort to eradicate the peril of war formed in the country with the united force of the entire nation; to defend the nation's security; and to open an epoch-making phase for peace and peaceful reunification.

The Kim Yong-sam ring is a national traitor and war maniac as ruthless as can be who challenges us with a fireball of war [chongjaeng pulmungchi].

Unforgivable for ages are the criminal acts of the Kim Yong-sam ring who are increasingly going berserk with the anti-Republic conflict and with war-provocation maneuvers, pursuing only their own wealth, pleasure, and aspiration for power while being callous about the destiny of the country and nation.

Should the Kim Yong-sam ring continuously go crazy with the anti-Republic confrontation and war-

provocation maneuvers, despite our reiterated warnings, no desirable results will occur, and the ring shall take full responsibility for the ramifications incurred by them. The Kim yong-sam ring should stop acting recklessly.

DPRK: 'War Manoeuvres Against North' by ROK Forces Decried

*SK2507030696 Pyongyang KCNA in English
0257 GMT 25 Jul 96*

["War Manoeuvres Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 25 (KCNA) — The South Korean puppets massively deployed armed forces in forefront areas and staged provocative war manoeuvres against the northern half of Korea, military sources said.

On July 22 they introduced into the forefront area in the eastern sector of the front more than 700 armed soldiers and over 130 military vehicles fully loaded with military lethal weapons. On the 22nd and 23rd they staged a nocturnal attack exercise against the North, firing about 50 tank shells and upwards of 1,200 large-calibre machine-gun and automatic rifle bullets in the forefront area in the western sector of the front.

In the meantime, nearly 400 fighter bombers and assault planes were mobilized in an aerial war exercise for air control and attacking the North in the sky above the west coastal area of Korea.

This fully shows again that the Kim Yong-sam group are scheming to find a way out of the serious political crisis in inter-Korean confrontation and war provocations.

DPRK Paper Calls ROK 'Hotbed' of 'Thermo-Nuclear War'

*SK2507091696 Pyongyang KCNA in English
0900 GMT 25 Jul 96*

["Frantic Arms Buildup Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 25 (KCNA) — Unpardonable is the crime of the Kim Yong-sam group in answering the aspirations of the nation and sincere peace efforts of the DPRK with intensified arms buildup and war provocations against the North, declares NODONG SINMUN in a signed article today.

It is a worldwide trend to reduce military expenditures and arms and head toward detente and peace. In defiance of this trend of the times, however, the South Korean rulers are hell bent on arms buildup, the author of the article says, and continues:

What is noticeable in the arms buildup of the Kim Yong-sam group is that it is being stepped up on a large scale.

Large quantities of military equipment have been introduced into South Korea in succession. Munitions factories of South Korea are producing lethal weapons on a full scale. This year's "defence budget" was 10.7 percent greater than last year's. The South Korean puppets scheme to increase the "military budget" for next year 16.7 percent above this year's.

It is also noticeable in the arms buildup of the puppets that it is heading toward the total reorganisation and adjustment of the Armed Forces for the purpose of unleashing a war against the North.

The frantic arms buildup is precisely aimed at kindling a war against the North.

This is fully illustrated by the fact that the puppets are these days shipping latest-type missiles, anti-submarine patrol planes, fighter planes, AWACs and others from the United States and pushing ahead with the reorganisation of the South Korean army in such a way as to increase "mobility" and "striking force" of main combat units.

South Korea is densely covered with more than 1,000 U.S.-made nuclear weapons and other war means. Accordingly, it is the largest-scale weapons exhibition in the Far East and a hotbed of a thermo-nuclear war. Not content with this, the Kim Yong-sam group of warmaniacs are pushing ahead with arms buildup, urged by a sinister design to unleash a fratricidal war in league with outsiders at any cost. This can never be justified under any circumstances.

Spreading rumours about "crisis on the Korean peninsula within two to three years", the puppets are claiming that they must reinforce their Armed Forces to cope with this. This is the height of shamelessness.

It is ridiculous of the puppets to try to justify the criminal "arms buildup" with "threats" from the North while putting spurs on war preparations, watching for a chance to start a war against the North.

DPRK Talk Denounces Japanese Plan To Become 'Nuclear Power'

*SK2407023896 Pyongyang Korean Central
Broadcasting Network in Korean
0753 GMT 22 Jul 96*

[Unattributed talk: "The Japanese Reactionaries' Dangerous Maneuvers for Nuclear Armament"]

[FBIS Translated Text] The international public circles today expose and denounce the falsity of the Japanese

self-claim of being a nonnuclear state, stating that Japan is in fact far from being a nonnuclear state. This is quite naïve.

The Japanese reactionaries are accelerating nuclear armament continuously and frantically with the wild ambition of becoming a nuclear power.

Above all, Japan has stockpiled an enormous amount of plutonium. The plutonium which Japan presently has is enough to produce over 3,000 atomic bombs of the type that was dropped in Nagasaki.

In the village of (Rokahyo) in Japan, a nuclear-fuel reprocessing plant, the largest in the world, is being built. If this plant is completed, five tonnes of plutonium will be extracted annually from this plant alone.

Japan is planning to stockpile 100 tonnes of plutonium in the next 20 years. Then, Japan will be able to produce more nuclear warheads than the nuclear warheads of the United States and the former Soviet Union put together.

The Japanese reactionaries claim that the stockpiling of plutonium is aimed entirely at utilizing it for peaceful purposes. This is nothing but propaganda aimed at calming worldwide concern over their nuclear armament.

The U.S. paper CHRISTIAN MONITOR said that although Japan claims that it intends to use its plutonium for peaceful purposes, the quantity of plutonium it has stockpiled far exceeds such purposes, and thus concludes that they aim to produce nuclear weapons.

Japan has not only equipped itself with the facilities to produce nuclear weapons but developed the nuclear warhead delivery means as well. In Japan today, there are some 150 firms capable of producing nuclear warheads and some 3,200 plants with that capability.

By producing warheads ready for use once filled with nuclear fuel, Japan is capable of producing atomic bombs in only one week. The Japanese Self-Defense Forces which are aiming at overseas aggression have continued preparations for nuclear war for a long time.

According to data from the U.S. State Department, Japan envisaged as early as 1958 the deployment of a nuclear missile unit in the Self-Defense Forces. If it chooses to do so, Japan can become a leading nuclear power of the world at any time, and can wage a nuclear war.

Japan's nuclear armament poses a great danger. The Japanese nuclear armament may give rise to a nuclear arms race and bring about nuclear war in Northeast Asia.

The Japanese reactionaries are attempting to establish its hegemony [chibaekwon] over Asia and the entire world

by wielding nuclear weapons. This is the even greater danger posed by the Japanese nuclear armament.

The Japanese reactionaries do not admit their aggression against the Asian countries which caused them to suffer great misfortune and pain in the past. On the contrary, they are not regretting but embellishing the aggression and crime they committed in the past. This is aimed at repeating the past of aggression.

Arming its Navy and Air Force with various nuclear delivery means, Japan is massively introducing facilities for long-distance attacks. In 1994, Japan launched H-2, a long-distance delivery rocket. With this missile, Japan can fire and drop a nuclear bomb in any area of the earth.

The Japanese development of long-distance nuclear delivery vehicles mean; that its target of attack is not limited to the Asia-Pacific region but is extending to the world at large.

At present, the Japanese Armed Forces, with the U.S. Armed Forces, are conducting nuclear war exercises in various parts of the world. In fact, Japan has all areas of the world in its range of nuclear attack. The United States is not an exception here. No wonder there are more and more voices in the United States expressing worry about Japan's nuclear armament today.

The Japanese reactionaries, who are inclined to use indiscreet means to achieve their aggressive aim, are not hesitating to impose nuclear calamity on mankind to scramble for hegemony.

Whenever a bill for banning nuclear weapons is submitted at the United Nations, Japan systematically opposes it or abstains from voting. At the same time, Japan is stubbornly opposed to the legislation of the three nonnuclear principles prohibiting the production, possession, and importation of nuclear weapons, because Japan is scheming to use nuclear weapons.

It is clear that Japan—which intends to avenge itself for its defeat and to commit itself to the scrambling for the worldwide hegemony—will be all the more haughty and rude after it has become a major nuclear power.

If Japan is allowed to achieve nuclear armament, it will bring about incalculable grave consequences to mankind. The people of the world who are opposed to nuclear war and treasure peace should see through the Japanese reactionaries' maneuvers to realize their wild nuclear ambition and check and frustrate them.

The Japanese reactionaries' maneuvers to realize their militarist wild ambition by the acceleration of nuclear armament will be met with bitter and humiliating defeat.

DPRK: Japanese Minister Petitioned on Comfort Women 'Distortion'

SK2307123296 *Pyongyang KCNA in English*
0835 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — Representative Chiro Suzuki, Secretary General Yoshihiro Sorino and other members of the Japanese side of the fact-finding group on forcible drafting of Koreans called at the Ministry of Education of Japan on July 16 as regards the "comfort woman for the army" issue which is contained in Japanese middle school textbook for 1997, and submitted a request addressed to the minister.

Concerning Japan's colony and responsibility for war of aggression the textbook had written that "Japanese apology and reparation have not been fully made". The Ministry of Education of Japan, however, rewrote that "reparation between nations was settled and the problem is individual claims".

The visitors criticized this as a false description and an intentional distortion of facts.

The request said: Any treaty has not been signed between Japan and the Democratic People's Republic of Korea. Japan should compensate the DPRK. The behaviour of the Ministry of Education is based on the distortion of the reality. If this is a deliberate act, it is no doubt an international issue.

The members of the group called a press conference on the same day, in which they said that as a step related to the textbook, they would inform the forthcoming small committee meeting of the UN Commission on Human Rights about the response of the Ministry of Education of Japan and notify it to the DPRK Foreign Ministry.

DPRK: Egyptian Ambassador Hosts Reception on Anniversary

SK2407032596 *Pyongyang KCNA in English*
0240 GMT 24 Jul 96

[FBIS Transcribed Text] Pyongyang, July 24 (KCNA) — Egyptian Ambassador to Korea Mohamed Taher Hazem gave a reception on Tuesday on the occasion of the 44th anniversary of the July 23 revolution, the national holiday of the Egyptian people.

Present there on invitation were Choe Ki-yong, chairman of the State Education Commission and chairman of the Korea-Egypt Friendship Association, and other officials concerned.

Foreign diplomatic envoys here were also invited.

Speeches were made at the reception.

DPRK: Hwang Chang-yop Greet Visiting Brazilians

SK2307130696 *Pyongyang KCNA in English*
1125 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — Chairman of the Brazilian Democratic Movement Antonio Paes De Andrade and his party arrived here today.

They were greeted at the airport by Secretary Hwang Chang-yop of the Workers' Party of Korea Central Committee.

DPRK: Hwang Chang-yop Speaks at Dinner for Brazilian Delegates

SK2407033096 *Pyongyang KCNA in English*
0245 GMT 24 Jul 96

[FBIS Transcribed Text] Pyongyang, July 24 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] arranged a dinner for chairman of the Brazilian Democratic Movement Antonio Paes De Andrade and his companion Tuesday.

Speaking at the dinner, secretary of the WPK Central Committee Hwang Chang-yop said the Brazilian democratic movement put forward the line of politics for independence and democracy and has conducted activities for the country, the nation and democracy, winning indestructible authority and prestige among the people. The movement is also playing an important role in politics and development of social life of Brazil, he added.

He noted that the movement has striven to develop the friendly and cooperative relations with the WPK as well as between the two countries.

The WPK will make positive efforts to develop the relations of friendship and cooperation with the movement, under the banner of independence, peace and friendship, the idea of Korea's party and state in foreign policy set forth by the great leader Comrade Kim Il-song, he stated.

Antonio Paes De Andrade said in his speech that Comrade President Kim Il-song, a great man, was always standing in the van of the Korean people's righteous struggle to reliably defend the independence and sovereignty of the country. "The Brazilian people note with high appreciation that your people have resolutely defended their sovereignty won by their own sweat and blood," he said.

"The Brazilian people who have watched the pressure on the Korean people," he added, "are firmly convinced that the Koreans will certainly emerge victorious, smashing any manoeuvrings."

Promising to make his active efforts for the establishment of diplomatic relations between Brazil and Korea, he declared:

"Our movement will make every effort to develop the friendly and cooperative relations between the two parties and two countries."

DPRK: Kim Chong-il Commends Hwangdok Senior Middle School

SK2407031496 *Pyongyang KCNA in English*
0235 GMT 24 Jul 96

[FBIS Transcribed Text] Pyongyang, July 24 (KCNA) — The Hwangdok Senior Middle School in Myongchon County, North Hamgyong Province, was renamed Hero Hwangdok Senior Middle School with due ceremony on July 23.

Three graduates of the school became DPRK heroes during the fatherland liberation war (June 25, 1950-July 27, 1953) and six graduates became labour heroes and heroines in the period of socialist construction.

The respected Comrade Kim Chong-il noted with high appreciation that the school has done a lot of meritorious things and should be called Hero Hwangdok Senior Middle School.

At the ceremony, the speakers stressed the need to follow the examples of the heroes so as to be revolutionary soldiers unflinchingly loyal to Comrade Kim Chong-il.

DPRK: Kim Chong-il Receives Letters From Various Countries

SK2407031196 *Pyongyang KCNA in English*
0233 GMT 24 Jul 96

[FBIS Transcribed Text] Pyongyang, July 24 (KCNA) — The great leader Comrade Kim Chong-il received letters from participants in joint or separate memorial services held in New Delhi, India, Kathmandu, Nepal, and Peru and by the Ghanaian National Institute of the Chuche Idea on the second anniversary of the death of the great leader President Kim Il-song.

Letters prayed for the eternal life of President Kim Il-song, praising his immortal revolutionary exploits for the Korean revolution and the world revolution.

Letters said that Comrade Kim Chong-il, commanding respect as the supreme leader of the Korean people, is carrying forward and accomplishing the revolutionary cause of President Kim Il-song and expressed the belief that the Korean people would gain success in the socialist construction and in the struggle to reunify the country under the leadership of Comrade Kim Chong-il.

Letters heartily wished Comrade Kim Chong-il a long life in good health.

DPRK Paper Says KPA Invincible With Kim Chong-il at Helm

SK2507092496 *Pyongyang KCNA in English*
0908 GMT 25 Jul 96

["KPA With Great Brilliant Commander, Invincible" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 25 (KCNA) — The Korean People's Army (KPA), ever victorious, is displaying its might as an invincible army that creditably defends the gains of revolution, for it is led by the greatest brilliant commander, stresses MINJU CHOSON in an article today.

The authors of the article say:

The chuche-based military idea of the great leader Comrade Kim Il-song was the basic cornerstone in army building and its activities. His outstanding commanding art was the source of all victories of the KPA and his absolute prestige and authority were the symbol of the dignity and victory of the KPA.

Now the KPA is fully prepared politically, ideologically and in military technique to cope with any case of emergency and is displaying an ever-victorious might, because it has its supreme commander in the person of the respected Comrade Kim Chong-il, who is endowed with outstanding military wisdom, unrivalled courage, iron will and distinguished commanding art.

The article quotes Comrade Kim Il-song as saying:

"Comrade Kim Chong-il is endowed with an indomitable will and courage, outstanding intelligence and commanding art befitting a supreme commander of revolutionary Armed Forces. Herein lies the guarantee for the constant strengthening and development and all victories of our revolutionary Armed Forces."

To have the greatest iron-willed brilliant commander ever in history at the head of the Korean revolutionary Armed Forces is a great honor of the KPA as well as the biggest fortune to the people and the People's Army of Korea.

Traits of Comrade Kim Chong-il as a great iron-willed brilliant commander are characterised by outstanding military wisdom, unrivalled courage and iron will.

All of military strategy and tactics advanced by Comrade Kim Chong-il are the chuche ones based on the revolutionary stand towards the servicemen and popular masses, the driving forces of war. They are protean ones

based on historical experiences of war and the requirements of modern warfare. And they are flexible tactics and methods of war driving the enemy into abyss with initiative under any complicated circumstances.

It is the mettle of the respected supreme commander to carry out everything with an unshakable mind however wild the enemy may run and whatever grave situation may come.

His traits as a great iron-willed brilliant commander are also found in the fact that he organizes and unfolds all military affairs with superb commanding art, extraordinary sweep and splendid organizational skill and appropriately combines the unified control over the work of army building as a whole with down-to-earth guidance over the work of each division.

It is the brilliant fruition of the outstanding commanding art of the supreme commander, who is leading the whole army with productive political work, that the KPA now has grown into the chuche army intensely loyal to the party and the leader and a matchlessly strong army fully equipped with powerful offensive and defensive means and all servicemen are performing feats in their military duties.

The sure guarantee for the KPA to be a matchless army and the basic source of all its victories are just that it has Comrade Kim Chong-il, who has such brilliant military traits as no other leaders and no other supreme commanders can match, as its supreme commander.

DPRK: Kim Il-song Said To Have Always Put People First

SK2307125896 *Pyongyang KCNA in English*
0855 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — The Great Leader President Kim Il-song led the revolution and construction, finding himself among the people during the whole period of his revolutionary activities.

"Go to the people!" This slogan is the maxim of the president.

Saying in his lifetime that the people is his teacher, he, always finding himself among them, established the lines and policies of the Workers' Party of Korea on the basis of the concrete grasp of their desire and demand.

The work to meet the centuries-old desire of the peasants for land was a pressing issue in Korea after the liberation. At that time, he visited Taedong and Sokchon counties and other rural villages and acquainted himself in detail with the rural conditions and demand of the peasants, finding himself among them for over one

month. On this basis, he completed one article of the agrarian reform law after another and promulgated it. With the agrarian reform carried out with success under his wise leadership, the peasants became the true owners of land, freed from medieval plunder and subjugation.

The creation of the Chongsan-ri spirit and Chongsan-ri method, the communist idea and method of guiding the masses which comprehensively consummated and integrated the traditional work method of the Workers' Party of Korea and its principle of guiding the masses, and the establishment of the taean work system and a new agriculture guidance system, a new economic management form — they were planned and completed by the president while meeting people from all walks of life at factories and in rural communities.

He found himself among the people and made sure that everything should be done unconditionally as they like.

When the 20,000 dwelling houses were being built in Youth Street of Pyongyang in the postwar period, he called at the house of a worker's family and heard a woman's story that floor-heated rooms are better for old parents and newborn babies. He said that what the people like are all good and made sure that dwelling houses were all built as floor-heated rooms.

At the time of the building of the Pyongyang Grand Theatre, he went to the spot and told officials that the theatre should be built as the people like because they are the master.

Innumerable are stories about the president, who conducted revolutionary activities, finding himself among the people.

Boundlessly prospering man-centred socialism has been successfully built in the land of Korea today thanks to his wise leadership.

DPRK: Crops in Fields Near Demarcation Line Described

SK2407024896 *Pyongyang Korean Central Broadcasting Network in Korean*
2200 GMT 22 Jul 96

[FBIS Translated Text] The plains on the farms along the demarcation line are exhibiting a beautiful scene of a bumper crop. In addition to wide open paddies sprawled across the Pungdok Plain and Panjong Plain, all the farms along the demarcation line, including the Tongchang-ri and Iman-ri of Panmun County, are filled with rice plants which are rapidly growing nourished with sufficient fertilizer.

The corn crop is also doing well. The ears of corn as big as men's arms are ripening in the fields on the slopes

of Mt. Suryong and the terraced fields in Puk-song-ri. On all the cooperative farms near the demarcation line, the farmers are clearing deep ditches in the paddies and fields to prevent grain from suffering damage from flooding and are taking thorough measures to prevent damage to the crops from the rain and wind.

South Korea

ROK: KEDO Director, Chang Sun-sup Hold Meeting

SK2507081596 Seoul YONHAP in English
0754 GMT 25 Jul 96

[FBIS Transcribed Text] Seoul, July 25 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) will convene a general meeting of all member countries in New York in September to discuss all matters related to the light-water nuclear reactor project in North Korea.

The schedule was agreed on at a meeting Thursday between KEDO's executive director Stephen Bosworth and Chang Sun-sup, administrator of the Office of Planning for the light-water reactor project, according to officials at the office.

Arriving in Seoul Tuesday, Bosworth has met with officials from the South Korean Government and Korea Electric Power Corp. (KEPCO) on details of the reactor project.

Chang and Bosworth reportedly agreed that the September meeting will call for more financial contributions by member countries to support the project worth 5 billion U.S. dollars and expenses for the annual 500,000-ton heavy oil shipments to North Korea.

KEDO held its first general meeting in New York last July.

ROK Daily Urges U.S. To Share Light-Water Reactor Expenses

SK2307050296 Seoul SEOUL SINMUN in Korean
22 Jul 96 p 3

[Editorial: "The United States Should Also Share Expenses for the Light-Water Reactor — It Is Not 'Mutual Assistance' if Only the ROK and Japan Pay the Expenses"]

[FBIS Translated Text] As the expenses for the construction of the light-water reactor (LWR) are increasing beyond the expected amount, and as the United States maintains its position that it will not pay any portion of the construction expenses, diplomatic friction is expected between the ROK, the United States, and Japan regarding the sharing of construction expenses.

Although Steven Bosworth, secretary general of the Korean Peninsula Energy Development Organization [KEDO], is scheduled to visit Seoul on 23 July, and negotiations regarding this matter must be concluded by the end of this year, nothing has been decided yet.

According to the "Outline of the Estimated Expenses for the Light-Water Reactor Construction Project" submitted to KEDO by the Korea Electric Power Corporation [KEPCO] on 15 July, the total construction expenses will exceed \$6 billion. This is an increase of \$1.7 billion compared with its original expense. KEPCO revealed that the reasons for such increases are inflation, necessary infrastructure investment in the Sinpo region of the DPRK, and the increase in transportation expenses.

The problem lies in who will pay this money. In connection with expense sharing during the time the nuclear agreement was reached, there were rumors that the ROK would pay 60-70 percent, Japan 20-30 percent, and the United States 10 percent of the expenses. However, this was not officially agreed upon. The U.S. Congress already deleted \$9 million of the support budget for the DPRK light-water reactor, which the U.S. administration submitted in December of last year, and the U.S. administration recently deleted the provision on light-water reactor expenses from its 1997 budget to be submitted to the Congress. Therefore, the United States plans not to pay 10 percent of the total expense, nor the extremely symbolic amount of money.

The logic of the U.S. Congress is that it cannot justify purchasing the North's nuclear weapons, and that there is no reason for the United States to pay money because, based on the so-called "formulation of the joint plan for national development" proposed by President Kim Yong-sam in his 15 August 1994 congratulatory speech, in which he said "the light-water reactor can be constructed under the condition that the DPRK's nuclear transparency is guaranteed," it succeeded in achieving a nuclear agreement with North Korea [sentence as published].

However, if the United States, which is a member country of KEDO's Executive Board of Governors and the main body of the nuclear agreement, does not pay a penny, the ROK Government's burden will increase relatively, and it will inevitably suffer criticism within domestic public opinion. The ROK's general public opinion is that as well as the ROK and Japan, the United States should have a greater understanding of the necessity of the North's nuclear restraint. With the increase in expenses, we can sufficiently understand why Japan disapproves of such a burden.

If the United States does not share the expenses, we can examine the possibility of limiting commercial

participation. But since U.S. technical assistance is inevitable in the light-water reactor's core components, and since a fixed share of the U.S. CE Company has been secured through a memorandum between KEPCO and CE, such sanctions are difficult. The United States will not pay money, but it will set up various devices in advance to the seize operational rights of KEDO and others.

The issue of sharing expenses is a burden which also has political significance. Thus, the government authorities feel it is "truly a difficult matter." The government should exert all its diplomatic efforts so the United States can share expenses in its own way following its policy to restrain nuclear development, but it should also consult Japan in advance to reduce friction to the minimum.

ROK: MOTIE Plans To Seek U.S. Compensation for Textile Damages

SK2507062896 Seoul YONHAP in English
0524 GMT 25 Jul 96

[FBIS Transcribed Text] Seoul, July 25 (YONHAP) — The Ministry of Trade, Industry and Energy (MOTIE) is reportedly going to request the United States to compensate for damages stemming from its abrupt change in "rules of origin" for textiles.

A MOTIE official said Thursday that the ministry has decided to demand that America make up for a total of 140 million U.S. dollars — 120 million dollars in garments and 20 million dollars in fabrics — at the second Korea-U.S. textiles quota negotiations that are going to be held Aug. 1-2 in Washington.

If the U.S. side does not properly comply with the compensation demand, the ministry plans to continue to take firm steps, including filing a suit against America in the World Trade Organization (WTO), the official said.

The new rules of origin set on July 1 by the U.S. administration allows garments and textiles to indicate the place of origin if they are produced completely in a country. Hence, the nation's circuitous exports of garments and textile to America are on the verge of stopping completely, the official said.

In the meantime, the official added, such countries as the Philippines, Hong Kong, Thailand and Italy are also considering ways to institute suits against America in the world trade body. (endall) 250524 hc/baker/SB612507.16/bj 25/0627z Jul wc245 BT #3754 NNNN

ROK: Kim Yong-sam Meets New USFK Commander General Tilelli

SK2407032096 Seoul YONHAP in English
0120 GMT 24 Jul 96

[FBIS Transcribed Text] Seoul, July 24 (YONHAP) — President Kim Yong-sam said Wednesday the strong support of Korea-U.S. combined forces is necessary to deter any North Korean military provocation and maintain peace on the Korean peninsula.

Kim made the remark during a meeting at Chongwadae [presidential offices] with Gen. John Tilelli, newly-appointed commander of the U.S. Forces Korea (USFK) who replaced his predecessor Gary Luck earlier this month.

"The Korea-U.S. combined troops should do their utmost to enhance their combat capabilities with military preparedness," Kim said.

ROK 'Expert': U.S. Policy Cannot Guarantee New DPRK Attitude

SK2407002296 Seoul THE KOREA HERALD
in English 24 Jul 96 p 2

[FBIS Transcribed Text] North Korea can return to their offensive policy against South Korea and the United States once they have benefited from the U.S. policy of steering the isolated Stalinist state toward a "soft landing," a South Korean expert warned.

North Korea does not always behave rationally from an international viewpoint, said Hong Kwan-hui, an analyst at the Research Institute for National Unification, a South Korean government think tank.

"In this sense, Washington needs to listen to South Korea's views based on its historical experience in dealing with North Korea," Hong said in a paper to be presented at an international conference which opened for a four-day run in Seoul yesterday.

The conference on national security and globalization is hosted by the International Political Science Association and sponsored by the Sejong Institute, a Seoul-based private research institute.

The U.S. administration has recently made a shift in its policy on North Korea from "deterrence by force" to "engagement," offering benefits to bring it into the international community.

Despite the new policy, Hong said, the South Korean people are very much concerned about the possibility of North Korean military action — not only an overt attack but also a conflict triggered by an accident, the paper said.

South Korea is also worried about a possible direct deal between Washington and Pyongyang without its participation, he said.

"That may be the major reason why the South Korean people cannot easily understand the American engagement policy (toward North Korea)," Hong said.

But a majority of the South Korean people believe that South Korea and the United States must solve the North Korea problem together while maintaining the historical alliance, he said.

"The alliance and cooperation between the two countries are more important than ever," Hong said.

In the past, the alliance was necessary for the deterrence of North Korean military threat, but now it is needed to prepare for an unexpected situation in the North and eventual unification as well as stability in Northeast Asia, he said.

Hong also indicated South Korea needs to formulate a more comprehensive and relevant unification policy.

ROK Daily on 'Luring Policy' for DPRK To Hold Four-Way Talks

SK2507111596 Seoul CHUNGANG ILBO in Korean
25 Jul 96 p 6

[Editorial: "'Inducing Policy' for Four-Way Talks"]

[FBIS Translated Text] If North Korea participates in the four-way talks explanatory meeting, this itself will be an opportunity for North Korea to receive a "gift." This is because in order to create an atmosphere for holding the four-way talks, foreign ministers of the ROK, the United States, and Japan agreed to use a luring policy in stages, including additional food assistance, easing economic sanctions, and expanding economic cooperation and exchanges. Therefore, the intentions of North Korea, which demanded a price for its participation in the explanatory meeting prior to the four-way talks, and of the United States, which called for additional assistance to the North, were all accomplished.

This is taking one step back from the government's position of insisting that the issue of assisting the North could be discussed only after holding the four-way talks. Whatever the reason for its changed position, it is a step forward, in that the four-way talks may be held even through this kind of process.

Even though the explanatory meeting is held, we cannot just be optimistic. This is because the issue of whether North Korea will accept the four-way talks after the explanatory meeting still remains. There is more. Even though it does accept the four-way talks, the problem

lies in how long it will prolong the situation by putting forth conditions regarding the four-way talks.

The current progress for holding the four-way talks reminds us of the light-water reactor negotiations between the DPRK and the United States. During the light-water reactor negotiations, North Korea divided the issues of dispute and used the method of obtaining its interest by putting setting out other conditions one after another after one issue was resolved. We can say that we are using a luring policy to create an atmosphere for the four-way talks, but viewed from North Korea's position, it is accomplishing goals in which it had demanded that its situation be consideration.

What is somewhat fortunate is that the luring policy is limited and carried out in stages. It was decided to adjust the period and method of giving a "gift" to North Korea in accordance with its attitude. This luring policy is not such a big burden when viewed from the government's position. In the case of food aid, we can utilize civilian-level food aid. This is because there will be some effect if the government eases the limits on civilian-level food aid.

In addition, the necessity of expanding economic cooperation and exchanges with the North has been presented. Allowing our businessmen to participate in North Korea's Najin-Sonbong region investment seminar can be regarded as a beginning. However, what we must be cautious about is that such policies not be influenced because of political necessity prior to the U.S. presidential elections.

ROK, Japanese Foreign Ministers Discuss DPRK, Other Issues

SK2407074196 Seoul YONHAP in English
0610 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 (YONHAP) — South Korea and Japan have agreed to cooperate with each other to resolve issues related to the light-water nuclear reactor project in North Korea, including cost-sharing.

The agreement was reached between South Korean Foreign Minister Kong No-myong and his Japanese counterpart Yukihiko Ikeda Wednesday when they met on the sidelines of the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF) and the ASEAN Post-Ministerial Conference (PMC) now in session here, diplomatic sources said.

The cost of providing two light-water reactors to the reclusive communist country in exchange for its freezing of its nuclear program suspected of manufacturing weapons-grade materials has been estimated to exceed 5

South Korea is also worried about a possible direct deal between Washington and Pyongyang without its participation, he said.

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The cost of providing two light-water reactors to the reclusive communist country in exchange for its freezing of its nuclear program suspected of manufacturing weapons-grade materials has been estimated to exceed 5

billion U.S. dollars, and will be shared largely by South Korea, Japan and the United States.

The two foreign ministers agreed to maintain "close coordination" in Japan's improvement of its relations with Pyongyang, according to the sources.

Japan-North Korea diplomatic normalization talks were suspended in November 1992.

On bilateral issues, Kong and Ikeda reportedly agreed to hold the second round of working-level fishery talks in Seoul Aug. 8-9 to negotiate revisions in the fisheries agreement between the two countries.

They also agreed to facilitate the appointment of key personnel in an effort to launch "a conference on the study of history" and expanded youth exchanges as soon as possible, which South Korean President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto agreed to last month on Cheju Island, according to the sources.

ROK: DPRK's Kim Chong-u Claims Almost 'No Danger' of War With ROK

SK2507081396 Seoul HANGUK ILBO in Korean
25 Jul 96 p 1

[Report by correspondent Sin Yun-sok from Tokyo]

[FBIS Translated Text] Kim Chong-u, chairman of the DPRK Committee for the Promotion of External Economic Cooperation, said on 24 July that there is no possibility for outbreak of war on the Korean peninsula right at this moment.

Chairman Kim, who is visiting Japan to promote investment by Japanese companies in the Najin-Sonbong free trade zone, held a meeting with Miyoshi Masaya, general secretary of Japan Federation of Industries, and denied that Japanese companies faced risks by saying: "It is almost certain that there is no danger of a war breaking out with South Korea."

ROK: Korean Red Cross Sends 286 Tons of Wheat Flour to DPRK

SK2407003396 Seoul THE KOREA HERALD
in English 24 Jul 96 p 3

[FBIS Transcribed Text] The Korea National Red Cross (KNRC) sent 286 tons of wheat flour, worth about 100 million won, in relief goods to North Korea yesterday.

A spokesman for the KNRC said that a ship carrying the relief goods left an Incheon port yesterday evening for a port in Nampo.

"The wheat flour will be delivered to North Koreans suffering from the flood, which hit North Korea hard

last year, through the International Federation of Red Cross and Red Crescent Societies (IFRC)," the KNRC spokesman said.

This is the sixth delivery of relief goods since the KNRC first delivered relief goods to Pyongyang last November.

The KNRC has so far delivered relief goods worth some 1.03 billion won including 10,000 sheets of blankets, 100,000 packs of namyon (instant noodle), 20,000 pairs of socks, and 180,000 liters of cooking oil to North Korea on five occasions.

"Upon an appeal made last year by the IFRC to participate in the worldwide relief activities to help North Koreans suffering from the severe food shortage, the KNRC decided to provide relief aid for North Koreans from a humanitarian point of view," the spokesman said.

In the meantime, a dissident group yesterday delivered to the KNRC 23 bags (each bag weighing 80 kg) of rice and 10 million won in cash, which it collected through a campaign to provide relief aid for North Koreans.

The rice and money is part of 110 bags of rice and some 70 million won in cash which had been collected by the group called "Chongukyonhap" during a campaign held from February through June.

"We hope that the rice and cash will be sent to North Korea because they were collected from a humanitarian point of view," a Chongukyonhap spokesman said.

The government is banning rice from being delivered to North Korea.

ROK Intelligence Chief Says DPRK in 'Uncontrollable Mess'

SK2507103596 Seoul YONHAP in English
1019 GMT 25 Jul 96

[FBIS Transcribed Text] Seoul, July 25 (YONHAP) — North Korea is currently facing a state of overall crisis amid surging signs of decline in Kim Chong-il's influence, South Korea's top intelligence officer said Thursday.

Testifying at the National Assembly Intelligence Committee, Kwon Yong-hae, director of the Agency for National Security Planning (NSP), said North Korea is now in an uncontrollable mess due mainly to frictions among key power organizations, loose social discipline and food difficulties.

In a frantic effort to control the situation, North Korea upgraded Security Bureau of the People's Armed Forces Ministry into Security Command, Kwon said.

Through this command, the North tries to control its people with terror by executing major criminals by firing squads in public, the NSP chief said.

Saying that the worsening food situation has driven the North's controlled economy to a critical point, Kwon said that as a means of resolving the problem of foods and other daily supplies, North Korea now tolerates "farmers markets" in urban areas, as well. In the past, "farmers markets" were allowed in the rural areas only.

He said that in a disorderly administrative system, many offices hand out conflicting instructions to lower offices or file false reports to higher offices to escape blames.

Social confusion is escalating in the face of surging non-socialistic acts like private business dealings and food-related crimes, Director Kwon said.

He also said that Premier Kang Song-san and about 30 other top-ranking North Korean officials have been stricken by chronic diseases like heart ailment, diabetes and hepatitis.

"Their sickness is one reason behind administrative disorderliness in the North," he said.

Due to their long sick leaves, the policies they introduced are not executed properly or arbitrarily changed by their deputies to add to confusion, he said.

Under the circumstances, Kwon said, North Korea enforces terrorism to control the people mainly through the military whose loyalty to the regime is still regarded quite firm.

As the terrorism tactics seems paying off for the moment, it appears there would be "forced stability amid instability" in the North for the time being, he observed.

Noting that despite the food crisis, North Korea does not release stockpiled military foods or military expenses totaling about 6 billion dollars, Kwon said the danger of war still hovers over the Korean peninsula.

ROK: Local Firms Import Magnesite from DPRK Via PRC Firm

SK2507090596 Seoul YONHAP in English
0853 GMT 25 Jul 96

[FBIS Transcribed Text] Seoul, July 25 (YONHAP) — North Korea's world-renowned mineral product, magnesite, has been shipped to South Korea recently for the first time since inter-Korean commercial trade was allowed in 1988.

Recent data from the National Unification Ministry revealed Thursday that 4,830 tons of North Korean magnesite (valued at about 590,000 U.S. dollars) was shipped to the South by two local firms through a

Chinese trading company after obtaining the ministry's approval.

A ministry official said the traders seem to have purchased the North Korean magnesite because it is both cheap and high-quality. The mineral product is being used in fire-resistant materials such as blast furnaces, according to business sources.

North Korea reportedly has 6.5 billion tons of good quality magnesite reserves in Tanchon area, South Hamgyong Province.

North Korea, which is known to emphasize magnesite exports, asked the U.S. Government to allow American companies to import North Korean magnesite under the framework nuclear agreement reached between Washington and Pyongyang in October, 1994.

ROK: Boyhood Playmate Discusses Kim Chong-il's Birth Place

SK2507070096 Seoul YONHAP in English
0626 GMT 25 Jul 96

[FBIS Transcribed Text] Seoul, July 25 (YONHAP) — The de facto North Korean leader Kim Chong-il was born in the barracks of the Soviet Far East Army's 88th Reconnaissance Brigade in a remote forest 80 kilometers southwest of Khabarovsk in East Siberia, not in a log cabin in Mt. Paektu, North Korea, as the communist country says in chanting the eulogy of the late Kim Il-song's son, the SEGYE TIMES reported, quoting one of the junior Kim's boyhood (1942-56) playmates Thursday.

After the Korean war (1950-53), Pyongyang embarked on several purges of the Korean-Soviets who moved into North Korea after World War II, especially those who were close to Kim Il-song and his family in Siberia before the war, in an attempt to keep the myth it fabricated about the junior Kim's birth intact forever.

Mt. Paektu is cherished as a holy place for the Korean people.

In the 1970s, in particular, the Pyongyang government seized all photographs showing Kim Il-song and his family members in their Siberian days from the Korean-Soviets residing in North Korea and destroyed them.

This was revealed by Professor Vasilyevich Sergey Yi, 55, of the Kazakh Republic's National Railroad College in his recent interview with the unification church-run newspaper.

Professor Yi was quoted as saying he had been the only playmate of Kim Chong-il during his boyhood.

He is the first friend of Kim Chong-il's who has ever disclosed the truth about the idolized leader's birth, the report said.

"I have kept my mouth shut for the past 40 years but I think the time has come for me to open my mouth and tell the truth about his birth," the newspaper quoted him as saying.

Yi, one year older than Kim Chong-il, was further quoted as saying, "My father, whose Korean name was Yi Tong-hwa, was a Soviet Army surgeon with the rank of major and served with captain Kim Il-song in the 88th Brigade between 1942 and 1945 when the war ended. So, my family was very close to the Kim Il-song family in Siberia, and returning to North Korea after the war, my father served as Kim Il-song's family doctor. My mother, Pori Yi, was one of the best friends of Kim Chong-suk, Kim Chong-il's mother. And I was a playmate of both Yura (Kim Chong-il's childhood name) and Sura (the childhood name of Chong-il's younger brother who drowned in a pond in the yard in 1947) and we enjoyed swimming in the Amur River (Heilungjiang in Chinese) during the summers before the war ended."

The professor showed two photographs: One displaying the Kim family (Kim Il-song, his wife Kim Chong-suk and Chong-il) and the Yi family (the professor and his mother Pori Yi) and the other showing only the Kim family (Kim Il-song, Kim Chong-suk, Kyong-hi (Chong-il's younger sister), Chong-il, Sura and Kyong-hi's nurse).

Yi was also quoted as saying, "Kim Il-song and my father arrived in Wonsan, together with other members of their outfit, on Sept. 19, 1945, and members of the revolutionary families' which included the Kim family and my father's family arrived in Pyongyang the following spring.

"Kim Chong-il was fluent in Russian because he was born in Siberia. He was a reserved boy of few words and could not make friends with other boys in Pyongyang. He only played with me because we could both speak Russian.

"After Kim Chong-suk died while giving birth to her and Kim Il-song's fourth child in 1949, my mother seldom visited the Kim family and the relations between the two families virtually ended. But my father continued serving as the family doctor of the senior Kim and was later named vice health minister.

"In 1962 when the Korean-Soviets were purged, my father and his family emigrated to Kazakhstan with Kim Il-song's approval."

ROK: Kim Chong-il's Ex-Lover in Moscow Under DPRK 'Control'

SK2507124196 Seoul YONHAP in English
1225 GMT 25 Jul 96

[FBIS Transcribed Text] Seoul, July 25 (YONHAP) — Song Hye-rim, a one-time live-in woman of North Korea's Kim Chong-il, who was earlier reported to have defected to the West, is presently in Moscow under North Korea's control, a government source here said Thursday.

Reports indicated earlier that Sung, along with her sister, Song Hye-rang, escaped Moscow last February and defected to a western country via Geneva.

"It is true that the Song sisters came to a villa in Geneva last February," the source said. "Thereafter, however, Song Hye-rim returned to Moscow while her sister flew into another western country from Geneva."

In Moscow, he said, Kim Chong-il's ex-lover is known undergoing medical treatment under the care of North Korean authorities.

Earlier reports alleged that the Song sisters, after escaping Moscow, were contacting the UN High Commissioner for Refugees, officials of a third country and South Korean agents somewhere in Europe for defection to a third western country.

ROK: DPRK Says Kim Il-song's 'Last Words' Concerned Kim Chong-il

SK2507021096 Seoul CHOSON ILBO in Korean
24 Jul 96 p 2

[Report by NAEWOE news agency]

[FBIS Translated Text] North Korea maintains that Kim Il-song's last words to his aides urged them to effectively uphold Kim Chong-il.

The recent edition of North Korea's NODONG SIN-MUN insisted that on 7 July 1994, the day before he died, Kim Il-song said: "The Comrades should effectively uphold Comrade Kim Chong-il. My biggest concern is that Comrade Kim Chong-il is overburdened and works without a day's rest."

ROK: Kim Tae-chung Criticized for 'Theory' About DPRK

SK2407031996 (Internet) The Digital Chosun Ilbo
WWW in English 1154 GMT 22 Jul 96

[Editorial: "Kim Tae-chung Mourns For Kim Il-song"]

[FBIS Transcribed Text] Kim Tae-chung, leader of the opposition National Congress for New Politics, at a

recent meeting to which opposition party elders were invited reiterated his long-held views that ever since the death of Kim Il-song, the former North leader, the government has failed to sensibly administer counter-measure policies towards the North. To a degree the public consensus is that Kim Tae-chung's complaints are valid. It cannot be denied that we have been paying a big price while there has been no progress in the development of North-South relations.

Kim's repeatedly publicized theory is that at the time of the death of Kim Il-song by failing to send a letter of condolence or mourning delegation to the North we missed a golden opportunity to progress North-South relations. However, in actual fact the North neither requested condolences be sent nor expected them. It was only after debate opened in the National Assembly about the possibility of sending condolences, a debate which was pursued by members including Yi Pu-yong, that the North government seized on its opportunity to avoid improving relations on the pretense of our failure to send a mourning missive.

The reason, however, that the North refuses to enter into dialogue with the South is that it fears a repeat of the past. Previously when talks took place the North was unable to maintain and preserve its administrative system and damaging disputes broke out internally. In addition, since the death of Kim Il-song there has been continuous instability in the North system and the North has no confidence to meet new challenges that may arise out of North-South dialogue. Furthermore, the North cannot very well permit their mute-like leader-to-be, Kim Chong-il, to attend summit conferences in his present state.

The problem is that certain prominent politicians share Kim Tae-chung's views and foreign commentators not well versed in North affairs tend to also.

To deserve the title of leader one ought to have eyes that stare deep into the future. The fact that Kim insists on chanting ad nauseum his theory of "guilty for not sending condolences" suggests that he is capitalizing upon the current stalemate on the peninsula. Does Kim still urge that we send a delegation to the North to express our regret for Kim Il-song's passing?

ROK Daily Notes Sharp Decrease in Inter-Korean Trade

SK2307063396 *Seoul HANGYORE SINMUN*
in Korean 21 Jul 96 p 3

[By reporter Pak Chan-su]

[FBIS Translated Text] The inter-Korean trade volume for the first half of this year has decreased remarkably compared to last year.

According to a report entitled "The Trend of North-South Trade for the First Half of 1996" released by the Ministry of National Unification [MNU] on 20 July, 744 cases or \$114.17 million in North-South trade was approved by the government during the first half of this year, a decrease of 36.7 percent compared to the 689 cases or \$180.44 million approved by the government during the same period of last year.

Processing on commission imports during the first half of this year amounted to 115 cases or \$14.10 million, a decrease of 22 percent compared to the 131 cases or \$18.10 million during the same period last year.

The amount of imports that cleared customs in the January-May period of this year was \$93.54 million, a decrease of 23.9 percent compared to the \$122.20 million of the same period of last year.

An MNU official concerned stated: "While last year's North-South trade amount reached \$310 million, an increase of 35 percent compared to 1994, trade volume has decreased sharply since the beginning of this year, due to the reduction in imports of steel materials from North Korea and because of the tensions prevailing between North and South Korea."

ROK Daily: Keep 'Sharp Eye Out' for DPRK 'Invaders'

SK2307045896 *(Internet) The Digital Chosun Ilbo*
WWW in English 1152 GMT 22 Jul 96

[Editorial: "Succored by North's Spy Canso"]

[FBIS Transcribed Text] However startling it may have been to hear of the cunning with which the North Korean spy, Chong Su-il, alias Professor Canso from the Philippines, was able to infiltrate our country the reality of the situation calls for self-reprobaton for permitting our interior to operate so loosely. In the past there have been a number of incidences of adroit deception by North spies such as Yi Su-kun and Yi Sun-sil etc. But nothing rivals the cunning, craft and ingeniousness deployed by Canso.

However dexterous the methods of North spies, if we reflect and look back a definite wholesale looseness in

our society can be detected. Perhaps we treat foreigners too generously and overestimate the expertise of people in certain sectors and these habitual practices were seized upon and taken advantage of by Canso. We need to ask why the authorities did not question Canso as to why he had repeatedly changed nationality when he was hired as a university professor.

Quite possibly the North body that dispatched Chong Su-il to the South to successfully gather information also has other resident spies working for it here who have not yet been detected. We must keep a sharp eye out for such North invaders and prepare ourselves thoroughly for the employment of a unification front strategy by the North government.

ROK NSP: DPRK Worker Secretly Enters ROK, Seeks Asylum

SK2307140196 Seoul KBS-1 Television Network in Korean 1244 GMT 23 Jul 96

[FBIS Transcribed Text] The Agency for National Security Planning [NSP] said today that Ko Chun, 29, who escaped from North Korea in May, has secretly entered the ROK via a third country, requesting political asylum, and that it is investigating the course of his defection. Ko Chun lived in Yangdok County, South Pyongan Province. After graduating from Yangdok Senior Middle School, he worked at a timber plant as a laborer. He has reportedly left his wife and two children in North Korea.

ROK: 7 Arrested for Leaking Military Secrets to Private Sector

SK2307131996 Seoul YONHAP in English 1140 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — Three military officers and four arms businessmen were arrested Tuesday for their involvement in the leaking of military secrecy on arms development and procurement, sources at the Prosecution and Defense Security Command said.

The seven included Air Force Lt. Col. Chong Po-kon of Acquisition and Development Bureau of the Defense Ministry; Kim Yu-tae of an Aerospace Industries Co.; and Hwang Su-song, an arms dealer.

The sources said Kim Yu-tae, himself a retired army Lt. colonel, obtained classified military documents on arms development and acquisition through Col. Chong and two other officers for use by himself, Hwang and some other arms dealers.

Hwang Su-song, a military academy graduate, was a training officer at the Korea-U.S. 1st Corps before retiring from the active service in 1974.

Hwang subsequently worked as an arms dealer, importing electronic warfare equipment, TOW armored carriers and 120mm mortars, etc. from France and the United States for the military.

ROK: Premier Yi Meets Visiting Pakistan Premier Bhutto

SK2307141596 Seoul YONHAP in English 1159 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — Prime Minister Yi Su-song conferred with visiting Pakistani Prime Minister Benazir Bhutto Tuesday afternoon to discuss matters of mutual concern including ways to further promote bilateral economic cooperation.

Minister Yi said Korea and Pakistan have a lot in common as both were once victims of colonialism and now pursue democracy after liquidating military dictatorship.

"I hope relations between these two countries would further develop fueled by your visit to Korea," Yi said.

Premier Bhutto said she hopes Pakistan will succeed in democratization and economic development just like South Korea did.

Noting that she met a number of Korea? businessmen during an investment briefing session earlier in the day, Bhutto said she expects South Korean industries will invest much more in Pakistan.

ROK: Prime Minister Bhutto Urges More Investment in Pakistan

SK2307071196 Seoul YONHAP in English 0535 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — Pakistani Prime Minister Benazir Bhutto called on Korean businesses Tuesday to take advantage of the variety of investment opportunities in her nation.

"I call upon this distinguished gathering of Korean entrepreneurs to look towards Pakistan where a great variety of business and investment opportunities in any sector of your choice await your decision," she said in her keynote address at the Pakistan Investment Conference at the Shilla Hotel in downtown Seoul.

Citing Pakistan's productive and cheap labor force, allowance of complete foreign ownership, a fully convertible currency and generous tax breaks, Bhutto encouraged investors to participate in projects related

to telecommunications, power, energy, ports, shipping, railroads, highways and airlines, sectors which are now all open to foreign participation.

"If the United Kingdom offers access to Europe, Pakistan offers access to the Gulf, south Asia and central Asia."

Having established full diplomatic relations in 1983, South Korea and Pakistan enjoyed a bilateral trade volume of 637 million U.S. dollars last year.

In his welcoming address, Pak Chae-yun, minister of trade, industry and energy, expressed his confidence that the improved investment climate in Pakistan would spur more Korean firms to participate in that nation's development.

"In this period of transition in the global economy, our two countries can help each other adapt successfully to the winds of change," he said. "Overall, the industrial structures of Pakistan and Korea are highly complementary, which makes our two countries natural economic partners."

Meanwhile, in a subsequent luncheon given in her honor by four Korean economic organizations, Bhutto said that developing bilateral relations with South Korea and other dynamic Asian economies is part of Pakistan's "look east policy," comparing the economic "awakening" of Asia with the renaissance in Europe.

ROK: Yi Urges Measures Against Korean Travelers' Misconduct

SK2307141096 Seoul YONHAP in English
0800 GMT 23 Jul 96

["PM Yi Urges Measures Against 'Ugly' Overseas Travelers" — KCNA headline]

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — Prime Minister Yi Su-song instructed the Cabinet Tuesday to take stern measures against misdemeanors committed by overseas travelers, deploring their wildlife killing in Thailand and plane-side sit-in at an Uzbek airport.

Presiding over a cabinet meeting, Yi told the foreign, justice and culture-sports ministers and other related government officials to take punitive measures against Koreans going abroad only to disgrace the nation by their misconduct.

Those traveling abroad only to gamble or seek tonic food should be given corresponding disadvantages or punished in accordance with pertinent laws at home, he stressed.

ROK Automakers Relocate Production Facilities Overseas

SK2507070496 Seoul YONHAP in English
0612 GMT 25 Jul 96

[FBIS Transcribed Text] Seoul, July 25 (YONHAP) — South Korean automakers have been relocating production facilities overseas in droves in recent years, after finding that the domestic market growth has limits, but the situation has come to a point where they inevitably have to compete hard against one another in a number of foreign countries.

Industry sources said Thursday that the tough competition among South Korean carmakers cannot be avoided since they have been eying the same foreign countries for plant relocations.

There are potentially lucrative markets in China and India, and a number of Southeast Asian countries with geographical advantages, growth potential and other conditions.

Hyundai, Kia, and Daewoo Motor companies are already operating in Indonesia, and the Philippines. And those companies have been planning to set up plants in China, India, and Vietnam, too, in the near future.

In Indonesia, Hyundai has recently celebrated the opening of a complete knock-down auto assembly plant for 10,000 Accent models per year, in addition to the assembly plant for 5,000 Elantra models per year already in operation in a joint venture with an Indonesian partner.

Kia Motors is also building a joint venture auto plant with an annual production capacity of 100,000 Indonesian national car models in a joint venture with an Indonesian company that involves a number of tax breaks.

Daewoo Motor has been operating a joint venture assembly plant that produces 3,000 Ciclos and Esperos annually since last year.

Kia's venture has been the target of accusations from auto companies in advanced countries such as those in the United States and Japan, that claim that the deal and favors it receives from the Indonesian Government are "unfair trade practices."

Hyundai Motor joined in the accusation with one of its high-ranking official telling the Indonesian media so, in what appears to be a feud among South Korean automakers.

Hyundai, although it has lost out in the competition to participate in Indonesia's national car project, has been promoting its original plan for auto production in the Southeast Asian country.

It is operating a plant in Indonesia that produces 5,000 Elantras, and plans to double the capacity in the near future.

Daewoo is also considering building another car assembly plant capable of turning out 20,000 sedans annually that would be expanded to 50,000 units annually by 2000, which will make competition among Korean automakers even more fierce in Indonesia.

In the Philippines, too, competition among Korean automakers will intensify in the near future once they expand their current assembly capacities. All three major Korean carmakers have assembly plants— 5,000 excels annually for Hyundai, 10,000 Cielos and Esperos annually for Daewoo, and 6,500 Prides and commercial vehicles for Kia.

Korean automakers have been working hard to set up auto production plants in China, after Chinese Government recently changed its policies to allow foreign auto production plants in China.

The Chinese Government has decided to allow three foreign auto firms to manufacture complete cars in China, but they must be joint ventures with Chinese auto firms, and one of these three foreign joint ventures will have a Korean partner.

The Chinese authorities have been taking their time to select a Korean firm to squeeze out the best terms possible, and the competition among Korean firms has gotten to a point where they would not hesitate to hurt their hard-earned reputations.

In India, Daewoo's plant with annual production capacity of 60,000 units went on line last July, and Hyundai is slated to follow suit with a plant that will produce 100,000-unit annually. Kia has also been working hard to set up another one in the near future.

In Turkey, Hyundai has set up a 50,000 unit annual capacity car production plant in March, and Kia is trying to follow suit in the near future. The two Korean auto firms each have plans to double the capacities in the near future. Turkey was a country with an annual car production capacity for 240,000 units in 1994.

ROK: Government Unveils Financial Deregulation List

SK2507042696 Seoul THE KOREA TIMES in English
25 Jul 96 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] All small-and medium-sized firms will be able to borrow overseas to import hi-tech equipment before the end of this year as the government loosens its tight reigns on cross-border capital flow.

The Ministry of Finance and Economy said yesterday it will broaden the scope of firms eligible to borrow overseas to import hi-tech machinery and equipment to all small-and medium-scaled firms. Currently, only small-and medium-sized manufacturing enterprises, foreign hi-tech firms operating here and companies engaged in public infrastructure projects are eligible to tap overseas loans to finance imports of foreign hi-tech equipment.

The government said it will further soften the rule next year, permitting a limited number of big firms to borrow overseas to import hi-tech equipment.

The government yesterday unveiled the list of 82 financial sector regulations that will either be scrapped or modified.

The deregulation, which has been an ongoing process since the Kim Yong-sam administration was launched in 1993, gives financial firms much more freedom in internal management, asset operations and developing new financial products while at the same time tearing down business barriers among financial companies.

Between 1993 and March this year, a total of 424 financial rules were revised or scrapped. The government said it will further remove outdated financial rules when necessary. Despite the liberalization, Korea's financial sector is still regarded as over-regulated.

The government said the existing business barriers between the commercial and long-term banking markets are to be further softened as commercial banks will be able to extend loans with maturity of more than 10 years. Currently, commercial banks could only grant loans with maturity of not more than one year. This latest move might invite criticism from two long-term banks, the Korea Development Bank and the Korea Long-Term Credit Bank.

Securities companies will be able to compete with merchant banks in brokering "cover bills" from the third quarter of this year. Presently, only merchant banks and investment finance companies were allowed to do this. Leasing firms will no longer be controlled in providing business consulting services to corporate clients, the ministry said. Securities houses will not need approval when they initiate publication, corporate management consulting and other ancillary services, it said.

As part of easing controls on financial asset management, the government said it will no longer forcibly ask investment trust companies and merchant banks to buy monetary stabilization bonds issued by the Bank of Korea, at below market rates beginning in 1997.

Mutual savings and finance companies, often regarded as mini-community banks, will be free to extend loans to whichever sector they deem feasible and they will be allowed to buy stocks in the over-the-counter (OTC) market from the second half of this year.

Investment trust companies (ITCs), known in the West as fund management firms, will be permitted to purchase bills issued by credit card companies from the second half of this year. So far, ITCs were banned from directly buying bills issued by plastic card companies in view of the "low" creditworthiness of card issuers.

Mutual savings and finance companies are the major beneficiaries of this latest deregulation. They will be allowed to relocate offices and buy buildings to rent out, it said. Leasing companies will be able to open branches. Banks can now revise internal codes without needing the approval from regulators, it said.

Provincial investment trust companies will be able to open as many branches as possible within areas where their head offices are located. Investment trust companies will be permitted to extend payment guarantees to overseas subsidiaries. Banks will no longer be regulated to entrust the Korea Asset Management Corp. to dispose of collateral when borrowers' principal payments are overdue for more than six months.

The government also announced measures aimed at encouraging financial firms to develop and market innovative financial instruments. Like banks, mutual savings and finance companies will be able to take deposits in return for loans and they will be able to sell floating rate deposits with maturity of more than five years from the second half of this year. Leasing companies can shorten the maturity of lease products to less than one year, down from the current two years and they can do leasing of automobiles and fixtures and equipment in buildings as well as land from next year, it said.

The latest deregulatory moves also touch the international finance sector. From the second half of this year, local firms will be able to borrow overseas to repay existing debts ahead of schedule.

Regardless of purpose and regions, all small and medium-sized firms will be able to receive import credit of up to 180 days from next year. The existing restrictions on the ability of big firms to receive import credit will be softened on a gradual basis, it said.

Mutual savings and finance companies will be able to deal in currency exchange business, namely buying foreign currency from the people, this year.

Next year, all firms participating in public infrastructure projects, including the construction of the Seoul-Pusan hi-speed railroad, will be able to bring in case loans from overseas.

From this year, local firms will no longer be regulated in issuing equity-linked bonds overseas just because their paid-in capital and equity capital are less than 10 billion won and 20 billion won, respectively, and they fail to post profits for the past three years, the ministry said.

From this year, the daily price fluctuation limit for stocks traded outside the Korea Stock Exchange or in the over-the-counter (OTC) market will be unified to plus or minus 6 percent. Plastic card firms will be free to set service charges on their merchants as the current 5 percent service charge limit will be scrapped.

Ten major business groups will be exempt from bank credit controls when they borrow bank loans to finance their participation in state infrastructure projects, it said.

Despite the deregulatory moves, the government has not changed rules that might jeopardize macroeconomic stability, deepen concentration of economic power in the hands of chaebol and shake the existing status quo in the business barriers of financial firms. For example, the government said it is still unable to scrap the rule asking banks to extend a specific portion of loans to the small and medium business sector.

It cannot accept a call by big firms to permit them to own banks and to be free from the bank credit control. The government also will not allow local firms to draw cash loans from overseas, which might lead to appreciation of the won.

ROK Lawmaker Notes NCNP's Unpopularity in Poll

SK2307050896 Seoul YONHAP in English
0213 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — Rep. Kim Sang-hyon, the No. 2 man in the main opposition National Congress for New Politics (NCNP), drew keen attention from political pundits again by revealing Monday the results of an opinion poll which shows his party's popularity rating at an all-time low.

What was most intriguing about the survey which Kim said polled 1,016 people across the country was that the ruling New Korea Party, despite current economic woes, turned out to be far outpointing the NCNP by 21.9-11.1 in popularity rating.

Ratings for two other opposition parties, the United Liberal Democrats and the Democratic Party, were given at 6.6 percent and 6.2 percent, respectively. It

means that the combined rating of the NCNP and ULD, which join forces in major political negotiations, stops at 17.7 percent, still falling behind the NKP.

Political apathy on the part of the general public was evident in the poll since 43.4 percent of the pollees replied that "I've no political party to support," and 10.7 percent "I don't know," together accounting for 54.1 percent of the total.

The government party received relatively greater support from the self-employed (24.4 percent), high-income brackets (25.8 percent) and residents in the Incheon and Kyonggi Province regions (28.1 percent) and the Pusan and South Kyongsang Province region (31.5 percent). The strongest opposition party support came from pollees in their 20's (14.3 percent) and residents in the Kwangju and South Cholla Province area (35.5 percent.)

Kim's revelation of the survey which he said he conducted with the help of Rep. Kim Won-kil, an aide to him in the NCNP, must have something to do with his argument that his party should invite a "third figure" as the next presidential candidate or adopt a free competition as a means of selecting its presidential candidate, pundits said.

ROK: Kim Tae-chung Said Undecided on Presidential Candidacy

SK2307141296 Seoul YONHAP in English
1129 GMT 23 Jul 96

[FBI Transcribed Text] Seoul, July 23 (YONHAP) — Kim Tae-chung, head of the opposition National Congress for New Politics (NCNP), is expected to decide around next spring whether to run in the next presidential election.

Pak Chi-won, director of NCNP Office of Planning and Coordination, said Tuesday Kim Tae-chung is to make the decision next March or April instead of around the end of this year as originally planned.

Pak said the reason for the postponement is that the ruling New Korea Party is not likely to nominate its candidate within the year.

"A major factor affecting Kim Tae-chung's decision will be whether he has chances for getting elected. And, such chances can be assessed only after the revelation of NKP candidate," Pak said.

He added that Kim Tae-chung is scheduled to leave for Guam around Aug. 10 for a "working vacation."

ROK Trade Minister Comments on Budget for R&D at Assembly

SK2307050396 Seoul THE KOREA TIMES in English
23 Jul 96 p 8

[FBIS Transcribed Text] The budget for research and development and boosted international competitiveness for next year has been increased to 1,576 trillion won to establish a firmer foundation in high industrial tech.

The investment represents an increase of 72.6 percent over the 913.2 billion won for this year and reflects the government's determination to help industry regain its competitiveness in the global market.

In a report to the National Assembly yesterday, Trade, Industry and Energy Minister Pak Chae-yun said as much as 1,023 billion won will be spent on gaining a higher level of technological independence.

Another 552.4 billion won, 57.2 percent more than last year, will be invested in realizing balanced industrial expansion and greater industrial competitiveness, Pak told lawmakers.

In the area of industrial technology development, 350 billion won will go to the acquisition of common vital technologies as well as industrial foundation technologies.

"We are also planning to invest 143 billion won to train highly qualified workers and firm up the basic industrial foundation," said the industry minister.

Pak went on to say that another 400 billion won has been earmarked for the development of new products as well as the upgrading of existing high tech.

In addition, 144 billion won will be spent next year on rationalizing the distribution industry and 305 billion won will go to boosting productivity and encouraging the production of more high value-added goods.

More than 100 billion won will also be invested in developing clean and environmental-friendly technologies and for training workers for international cooperation and exchanges.

With 370 billion won being spent to promote trade, 30.4 billion won will also be funneled into supporting a number of industrial complexes constructed exclusively for foreign and foreign-invested companies.

The rationalization and conversion of coal mines and development of other energy sources, including petroleum and natural gas, will be the target of another 2,099 billion won in investment next year.

All in all, Pak said, the budget for his ministry for next year has been set at 4,482 billion won, up 43.4

percent over that of last year, to help industry cope with worsening domestic and international economic conditions.

ROK Survey: 67% of Servicemen Believe Morale Low

SK2407002996 (Internet) The Digital Chosun Ilbo
WWW in English 1154 GMT 23 Jul 96

[FBIS Transcribed Text] National Assemblyman Yim Pok-chin, representative of the National Congress for New Politics, made public a report prepared by Military Development Research Project Committee, under contract from the Ministry for National Defence, that disclosed that only 10% of Army, Navy and Air Force servicemen surveyed were of the opinion that military morale was high whereas 67% held the view that morale was low.

The research was carried out last May on 1787 active military personnel including 290 active generals. 67.1% of those questioned were of the opinion that military morale was either quite low or very low, 22.2% responded that morale was so-so and only 10.1% stated that they thought morale was high.

In respect of President Kim Yong-sam's military reform policy, 59.2% of the generals interviewed thought that it was proceeding successfully in contrast with 24.1% of the colonels surveyed who viewed the policy positively. 39.5% of colonels stated that they regarded Kim's strategies as unsatisfactory.

ROK Defense Minister on Investigation of Samsung Aerospace

SK2507060896 Seoul TONG-A ILBO in Korean
25 Jul 96 p 2

[By reporters Yim Chae-chong and Choe Yong-muk]

[FBIS Translated Text] Fourteen standing committees of the National Assembly, except the Steering Committee and Information Committee, held their interpellation sessions on 24 July; received briefings from their relevant government organizations for three consecutive days; and conducted interpellation on pending issues of state administration.

The ruling and opposition lawmakers questioned the relevant ministers on various issues, including the stealing of military secrets by the Samsung Aerospace, measures to root out irregularities by tax officials, neutralization of the police, indiscriminate arrest of people, and a new labor-management policy.

At the National Defense Committee, Defense Minister Yi Yang-ho, in an answer to a question from lawmaker Chon Yong-taek of the National Congress for New Pol-

itics [NCNP] about whether it is true that the Central Investigation Division at the Prosecutor-General's Office was investigating a large-scale defense industrial fraud committed by the committees, such as the Samsung Aerospace, said that the Defense Security Command is cooperating for it, thus confirming that the Central Investigation Division at the Prosecutor-General's Office is investigating well known defense industries in the country.

An official at the Ministry of National Defense [MND] stated, "As far as I know, Samsung Aerospace is among the companies now under investigation by the Central Investigation Division at the Prosecutor-General's Office."

At the National Defense Committee interpellation on that day, opposition lawmakers, such as Yim Pok-chin and Chong Tong-yong (from NCNP) and Han Yong-su (from the United Liberal Democrats) branded as a structural crime the leakage of military secrets involving some military officers in active duty and some managers of Samsung Aerospace; and called for clarifying the truth and providing measures to prevent this from recurring.

Lawmaker Pak Chong-hun (from NCNP) said, "In view of the fact that Samsung committed industrial spy activities through the management of the Samsung Group, it is possible that Samsung conducted an organized activity for collecting military secrets." He also called for investigating the secretarial office of the Samsung Group and Samsung Aerospace's management. At the same time, lawmaker Chon called for clearing suspicions over the possibility of bribery by those involved.

At the Environment and Labor Committee, lawmaker Cho Song-chun (from NCNP) said that the Samsung Group has not disbanded its bogus labor unions but is intensifying labor control activities through its regional secretariats despite the Supreme Court's "decision on not recognizing the labor unions [of the Samsung Group]."

ROK Group Decries Practices of Conglomerate Newspapers

SK2407022696 (Internet) The Digital Chosun Ilbo
WWW in English 1205 GMT 22 Jul 96

[FBIS Transcribed Text] 50 members of the Citizens Union For Proper Journalism Monday [22 July] noon held a meeting at the Myongdong Cathedral in Seoul at which the Union condemned the expansion of competition by the "murderer's newspaper". It condemned newspapers operated by the country's large corporate conglomerates.

The members of the Unions carried pickets bearing slogans such as "enforced subscription", "citizens take initiative in journalism reform" and "activate the Fair Trade Commission".

The Union said that there have been 300 reports to the "Reporting Center for Enforced Newspaper Subscription" which opened on Thursday. Reports included continual newspaper delivery despite cancellation of subscription, enticement of newspaper subscription via gift and threat to sales promoters of demand of return of promotion fee upon cancellation of subscription.

ROK Lawmaker Notes Cost of Incarceration of Presidents

SK2307053296 Seoul YONHAP in English
0216 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — The government has been spending an average 1,760,000 won (2,262 U.S. dollars) per day for "courteous treatment" of two former presidents Chon Tu-hwan and No Tae-u, an opposition lawmaker claimed Tuesday, citing Government Administration Ministry data.

Rep. Yi Sok-hyon of the National Congress for New Politics insisted that the government paid 533 million won last year and 323 million won during January-June this year for the two ex-presidents.

Chon was paid 167 million won for the six month period beginning this year, while No 156 million won, of which pension and a subsidy for cordial treatment for each were 32,780,000 won and 41,040,000 won, respectively. The rest of the amount budgeted by the government went to their four secretaries, according to Yi.

Rep. Yi said he will work out a way to revise relevant laws so that the two disgraced former presidents will not be treated so good, adding, "it is difficult to understand the generous treatment for the ex-presidents now on trial."

ROK Finance Ministry 'Blunders' Cause Loss of Government Income

SK2307135896 Seoul YONHAP in English
0721 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — The Finance and Economy Ministry's blunders have led to a decline of 112.1 billion won (138 million U.S. dollars) in the government's dividend income from Korea Electric Power Corp. (KEPCO) over the past three years, Rep. Chong Se-kyun of the main opposition National Congress for New Politics claimed Tuesday.

He made the assertion in a speech questioning KEPCO's dividend distributions, where the government is the con-

trolling shareholder, at the National Assembly Finance and Economy Committee meeting.

Citing the Board of Audit and Inspection's report on its audit of the ministry last May, Chong said the ministry, dealing with KEPCO's retained earnings, decided to have the company adopt a discriminatory dividend policy against the government as a shareholder, instead of distributing dividends in proportion to shareholdings.

The ministry mistakenly took private shareholders to hold "national shares," the shares the government sold to petty-money individual investors who cannot afford to buy more than 10,000 shares when it privatized KEPCO in August 1989. Those who bought these national shares in 1989 only are entitled to a larger dividend ratio than the government as the controlling shareholder under the national share policy.

At the end of 1989, these "national shareholders" numbered 3.22 million holding a total of 46 million shares and accounting for 36.1 percent of the total of non-governmental shareholdings in the company. The number fell to 1.19 million representing 13.2 percent at the end of 1993 and further to 810,000 representing only 7.2 percent at the end of last year.

Of the retained earnings totaling 2.24 trillion won it accumulated between 1993 and 1995, KEPCO put aside 120 billion won as earned surplus reserves, 1.75 trillion won as reserves for investment and other uses and distributed 360 billion won as dividends.

Distributing the dividends, KEPCO applied tax ratios of 2-3 percent for the government, 7-8 percentage points lower than the ratios for private shareholders, under the decision the Finance and Economy Ministry made in consultation with the Trade, Industry and Energy Ministry, Chong claimed.

As a result, the government received the dividends the amount of which was 112.1 billion won less than the amount it would have received if equal dividend ratios had been applied for both private shareholders and the government, he added.

Dividends distributed to those who hold more than 10,000 shares amounted to 96.6 billion won, 86.2 percent of the 112.1 billion won the government did not receive because of the Finance and Economy Ministry's blunder, he said.

Big shareholders holding more than 10,000 shares numbered only 99 accounting for 61.7 percent of the total of non-governmental shareholdings at the end of 1989, and the number increased to 763 accounting for 85 percent at the end of 1995 because of the stock market opening to foreign investors in 1993. Included in these

big shareholders were 532 foreign investors holding 67 million shares, or 53 percent of the total shares held by the big shareholders.

ROK Commission Ruling Fosters Competition in Nonlife Insurance

SK2307050796 Seoul *THE KOREA TIMES in English*
23 Jul 96 p 9

[FBIS Transcribed Text] Non-life insurance companies were ordered to scrap their long-held internal rule limiting competition among themselves.

The Fair Trade Commission (FTC) yesterday ordered the Korea Non- Life Insurance Association (KNIA) to withdraw its financial sanction against its member Oriental for "providing a competitive premium to an auto parts maker."

Oriental has recently approached an auto parts maker and provided cheap premiums to the client on the condition that it cancelled the existing contract.

After the "accident" was revealed to other KNIA members, the association held an emergency meeting to warn Oriental about "disrupting" the market order. Under pressure from peers, Oriental cancelled the contract and was slapped with a 300,000-won penalty by the association.

But the FTC said Oriental lured clients without breaking the fair trade rules. The FTC asked the KNIA to scrap all rules barring its members from soliciting customers that had already maintained contracts with rival insurance companies. As long as the solicitation is fair, customers are free to cancel existing contracts and buy new cheap competitive policies, an FTC official said. But an association executive said scrapping the self-regulatory rule might jeopardize the long-term healthy growth of insurance firms.

Burma

Burma: Article Welcomes Newsmen, Praises Monthly Press Briefings

BK2507124296 Rangoon THE NEW LIGHT OF MYANMAR in English 25 Jul 96 p 3

[Article by Min Kyaw Min: "If you want any news, come and get it"]

[FBIS Transcribed Text] The year 2000 is just around the corner. That's when we will be full-fledged member of the Association of South-East Asian Nations judging from the right moves made by us and by our friends in the region.

The opposition we countered in our bid for admission to the prestigious regional grouping is negligible compared to the enormous goodwill and understanding shown by our partners in progress.

The good news that came out of the conference hall in Jakarta, the granting to Myanmar [Burma] of Observer status in ASEAN, is not unexpected, for the Government and the people of Myanmar have always been confident faith and trust can properly be shared by all the countries in the region.

The warm welcome Senior General Than Shwe, Chairman of the State Law and Order Restoration Council, received as one of the Asian Ten, statesmen in their own right, when he joined his counterparts in Bangkok last year was itself more than a harbinger of good things to come.

As we exit from the 20th century and prepare for the 21st when we must move with greater dynamism in concert with the other nations of ASEAN, we have also to retool some of our undertakings to be in line with what we must expect.

What Newsmen Like

Last week, there was the Visit Myanmar Year & Myanmar Development Forum sponsored by the Myanmar Chamber of Commerce and Industry at the International Business Centre [IBC] in Yangon [Rangoon].

It was a resounding success considering the revelations made by business leaders, entrepreneurs who have written a success story insofar as their venture into Myanmar is concerned.

Moreover, the Forum turned into a lively question-and-answer session for most of the correspondents who were in town and attended the occasion. This is what newsmen like.

For instance, newsmen of the FINANCIAL TIMES, the FAR EASTERN ECONOMIC REVIEW, the ASIA

TIMES and others representing the print media, as also the wire services and TV crews had a field day getting answers for what they had all along wanted to know.

On hand were authoritative source persons from the different ministries, departments and enterprises running their side of the market-oriented economy, and others well versed in their subjects.

"Really fascinating. You couldn't find so many people like that together, and they knew what they were talking about. We should have more of this, often," said a friend at the IBC lunch.

Regular Meets

My friend wanted that to happen often, so shall it. Many of the same source persons who know what they're talking about, U Set Maung to single out one, who were available at the Forum to answer newsmen's queries will in future be available on a regular basis.

Call it briefing, PC [Press Conference], or whatever, members of the newly reconstituted Information Committee of the State Law and Order Restoration Council will be meeting the Press on the 1st of every month, or the next day if the 1st coincides with a holiday.

Subjects for discussion will be designated in advance so that the various groups of experts on a particular subject — the economy; investments, drugs, etc etc can be assembled within short notice.

Arrangements will be made to accommodate the meetings at a particular venue so that members of the Yangon Foreign Correspondents Club and their counterparts who fly in from nearby spots can be there together.

This is a revamped version of the Info Committee meeting the Press on Fridays regularly.

What is significant now is that those who can really answer the questions impromptu will be grouped together, each group clarifying points raised by the newsmen.

A liaison group duly authorised will make it possible for those who want to attend to be present and it will also take up related formalities so that the get-togethers will be as convenient as possible.

Moreover, depending on the occasion, those who desire satellite uplink will be assisted.

Write What You Like

Any newsman can write what he likes. There have been requests for interviews with ministers and others among the leadership.

No country has a set of ministers sitting around waiting for newsmen's interviews, for they must attend to their respective duties.

It does not, however, mean that the Press meets are a substitute for interviews which may be arranged depending on the importance of the issue and the availability of the person.

Specialised subjects like banking must understandably be taken up by the Minister, or the Governor of the Central Bank on his behalf.

Let's not talk about the past when there were complaints about the scarcity of persons one might quote, get an authoritative account from.

So, my message to fellow journalists is 'Welcome on board'.

Burma: Article Questions Suu Kyi's Feelings for Her Country

BK2507091196 Rangoon KYEMON in Burmese
24 Jul 96 p 6

[Article by Shwe Day Maung: "Are You Sure You're Myanmar?"]

[FBIS Translated Text] I know that Myanmar [Burma] has been practicing a market-oriented economy since 1988. The State Law and Order Restoration Council [SLORC] government opened the country to foreign investment and has made effective changes to promote and encourage international trade. I think that is constructive. Furthermore, private banks—currently 17 banks—were permitted to function, opportunities were opened for foreign investment in the transportation sector, the new Thilawa port facility will be constructed, and an agreement to build two container yards had already been signed. Are these not the SLORC government's constructive acts?

I do not know what one Amagyi [elder sister—reference to Aung San Suu Kyi], who was born of Myanmar [Burmese] parents and bred in Myanmar, is up to. Is it not a national duty to engage full time in development works—renovation, construction, building roads and bridges—and to nurture educated youths? The construction of the Dagon University in the SLORC era is for the educational development of youths.

At one of her recent weekend forums, Amagyi expressed her criticism regarding the renovation of the Shwedagon Pagoda southern walkway. She said the renovation was unnecessary and that tourists come to Myanmar to look at old cultural works, and they can see new works in their own countries. She noted that the SLORC is repairing pagodas and walkways because

they have nothing else to do. At another meeting, she said responsible personnel and contractors renovated the walkway to create shop spaces for their own benefit. I became confused. If you leave the old things as they are, they will wither away. I think the government is doing what should be done as a historical duty to the people and the country to preserve Myanmar's cultural heritage. I do not understand why she has a pessimistic outlook regarding this constructive act. There is a Myanmar saying: You can stay without helping, but do not disturb.

The other day I went to the Visit Myanmar Year and Economic Development and Investment Forum meeting at the International Business Center to learn about the topics of discussion. The discussions at the meeting were very effective. The speakers were not from Myanmar but were foreign entrepreneurs who have investments in the country. They presented and discussed their views frankly at the meeting. The managing director of the Victoria Garment Company said he was amazed at the ability of the workers, that more workers have been employed—from the initial 600 to about 1,000—that the workers desire to learn, they do not complain, and they are easy to teach, and that Myanmar has great potential.

Friends asked Mr. Joseph Peng why his company has not withdrawn from Myanmar, where there are human rights abuses and oppression. When he asked them whether they have all been to Myanmar and how much they know about Myanmar, they replied that they had never been to Myanmar but had heard from the BBC and other Western media that Myanmar is a terrible place, that the government oppresses the people and uses slave labor. Mr. Peng invited them to come, study, and explore Myanmar. He also expressed his concern for the livelihood and welfare of the 3,500 workers of the Victoria Garment Factory.

He is not a Myanmar national but a foreign investor. He said: Do those people really feel that democracy will come tomorrow if they sanction the country today? If they sanction a country for 10 years and there still is no democracy, the population here of 47 million will be suffering in hell. I only believe that when people are fed and have enough to eat and when people have jobs can they then think rationally. The country can then evolve into the kind of democracy they believe in. I concur with Mr. Peng's assertion and thank him. How right! He explained the garment manufacturing company was able to provide employment to many people during the past few years. When the Amagyi was released [from house arrest] in July, however, news came out that she had urged investors to stay away because Myanmar has not achieved democracy. He remarked that, as a Myanmar national living in Myanmar, she should not

say that. If the economy deteriorates, the people in this country suffer, and there is only confusion, disorder, and eventually there might be anarchy. Those things do not breed democracy.

I really thank Mr. Peng, who came and invested in Myanmar. Think about it. A foreigner, though it may be for his own benefit, has frankly expressed his views and feelings.

May I ask Amagyi, who is a Myanmar born of Myanmar parents, what her thoughts, views, and feelings are about Myanmar and the people? It would be totally wrong if you want to delight in a deteriorating situation.

Or, may I ask you, are you deliberately describing a circle as a square because of all the awards, decorations, and prizes that you have received?

Finally, may I and the people express our doubts. Are you sure you are Myanmar?

Brunei, Malaysia & Singapore

Singapore

Singapore: Ikeda Arrives in Singapore, Begins Talks With Counterpart

OW2507121796 Tokyo KYODO in English
1123 GMT 25 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Singapore, July 25 KYODO - Japanese Foreign Minister Yukihiko Ikeda met Thursday with Singapore Foreign Minister Shanmugam Jayakumar to discuss a wide range of political and economic issues of mutual interest.

The session, the third between Ikeda and Jayakumar, was held as part of bilateral efforts to elevate already mature relations between the two countries to a higher plane, Japanese officials said.

"Singapore is already close to being an advanced nation. We hope to make a qualitative change to our relations with Singapore and form an equal partnership," one official said.

Ikeda is the first Japanese foreign minister to visit the island country since Kabuo Muto made a trip here in July 1993.

Prior to his arrival in Singapore on a three-nation trip that will also take him to Vietnam, the Japanese foreign minister was in Indonesia, where he attended a meeting on Asia-Pacific security and an annual gathering of foreign ministers from the Association of Southeast Asian Nations (ASEAN) and its dialogue partners.

In the meeting with Jayakumar, he will seek to reaffirm close cooperation between the two nations in a series of high-level talks of the Asia-Pacific Economic Cooperation (APEC) forum in the Philippines in November and the first ministerial meeting of the World Trade Organization (WTO) in Singapore in December, the officials said.

Ikeda will also try to step up bilateral cooperation in promoting the process of the Asia-Europe Meeting (ASEM), launched in Bangkok in March, especially for the success of an ASEM foreign ministerial meeting scheduled for next February in Singapore, the officials said.

Further, Ikeda and Jayakumar will exchange opinions on affairs concerning China, the Korean peninsula and India, as well as the Japan-U.S. security alliance and collaboration at the United Nations, the officials said.

The Japanese foreign minister will also take the occasion to further Tokyo's efforts to help Singapore act as an aid donor to other countries, they said.

On Friday, Ikeda is scheduled to pay a courtesy call on Prime Minister Goh Chok Tong, Deputy Prime Minister Lee Hsien Loong, and Senior Minister Lee Kuan Yew, who was prime minister for 31 years until 1990.

He will leave for Hanoi on Saturday for a two-day visit before returning home Monday.

Singapore Official: No Information on Alleged Airspace Violation

BK2507070696 Singapore THE STRAITS TIMES in English 25 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Ministry of Defense has not received any information so far on the alleged intrusion of Republic of Singapore Air Force (RSAF) aircraft into Johor airspace, Second Defense Minister Rear-Admiral (NS [National Service]) Teo Chee Hean said yesterday. Any evidence of intrusion would be investigated fully and action would be taken, he told reporters after viewing a military exercise.

Under existing agreements, RSAF planes are allowed to fly over parts of Johor during training, subject to certain height requirements.

But recent Malaysian press reports have alleged that the planes violated Malaysian airspace and some Johor residents in Kampung Padas Laut and Gelang Patah had complained of noise.

"If there is any evidence that our pilots have not stuck to these rules, we will investigate this fully and take action," said Rear-Adm Teo.

"But so far, we have not received any such information."

Rear-Adm Teo, who is also the Environment Minister, watched about 500 men of the Sixth Battalion Singapore Infantry Regiment (6 SIR) during their exercise at the Changi coastal area.

Before the exercise, he was briefed by the Commanding Officer of 6 SIR, Lieutenant-Colonel Ishak Ismail, 33, on the unit and its training program.

He also watched them execute a military maneuver where the men attacked and over-ran an "enemy" position fortified by barb wire.

The visit to the exercise was to allow the minister to see, first-hand, the operational readiness of the SAF.

The minister was accompanied by two members of the Advisory Council on Community Relations for Defense (Accord), Mr. James Lee and Mr. Ang Poh Siew.

Cambodia

Cambodia: Khieu Samphan Criticizes U.S. Alliance
BK2507120996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodia 2330 GMT 24 Jul 96

[Interview with Khieu Samphan, prime minister of the Provisional Government of National Union and National Salvation and chairman of the National Union Party, by an unidentified station correspondent on 24 July; place not given — recorded]

[FBIS Translated Text] [Correspondent] My respects to Your Excellency the prime minister. Recently, Anthony Lake, security adviser to the U.S. President, announced that the U.S. objective in Cambodia is to painstakingly promote democracy, stability, and security. What is your opinion about this?

[Khieu] Yes, I believe that immediately after listening to Anthony Lake's announcement, the people will ask what he is talking about? While continuing to collude with communist Vietnam to fan the flames of the communist Vietnamese war of aggression to kill the Cambodian nation and people, can the United States strive to promote democracy, stability, and security in Cambodia? To this question, the people will answer straightforwardly that it cannot. The communist Vietnamese war of aggression is opposed to and in conflict with peace, stability and security, and democracy. They can never remain in harmony together. Since UNTAC [UN Transitional Authority in Cambodia], the United States, and other Western allies colluded with communist Vietnam

to implement the strategy of liquidating the four parties by organizing a two-party band — cutting off the forces of the United States and of the Western allies to combine with the communist Vietnamese puppets to further fuel the communist Vietnamese war to kill the Cambodian national resistance forces [CNRF], the Provisional Government of National Union and National Salvation [PGNUNS], and the Cambodian nation and people — have peace, stability, security, human rights, democracy, and a multiparty system existed in Cambodia? No. They have vanished throughout the country and within the two-headed regime. There have only been communist Vietnam's authoritarianism and fascism; there have only been the administrations of communist Vietnam and its out-and-out lackey puppets, who are monopolistic and authoritarian, destroying and eliminating the forces of the United States and of the Western allies completely. As for the CNRF, the PGNUNS, and the Cambodian nation and people, can they be destroyed? No. The Cambodian nation and people remain intact. They continue to reinforce and expand their forces in all fields and sectors to struggle further to defend and prevent their nation and race from being totally swallowed up by communist Vietnam. As the Cambodian nation and people have managed to sail through the new strategic stage of their three-year struggle, it is certain that they are able to pursue such a struggle further.

[Correspondent] Yes. What is the new strategic stage of the struggle conducted by our Cambodian nation and people?

[Khieu] Yes. The struggle conducted by our nation and people in the past was helped by elements in and outside the country. However, in this new strategic stage, our nation and people, the CNRF, and the PGNUNS have to pursue the struggle with their highest level of self-reliance. Since we have already been able to carry out the struggle for three years, it is certain that we will be able to do so further. Why? Because the national and racial conflicts are now so deep-rooted and so acute.

[Correspondent] Yes. How deep-rooted and acute are the conflicts?

[Khieu] Yes. 1. While communist Vietnam has swallowed up chunks of our territory in the east, the ethnic Vietnamese inside Cambodia have wolfed down large blocks of our land. Unscrupulous foreign merchants have also come and devoured the flesh and sucked the blood of our nation with impunity. The two heads, the out-and-out lackeys of communist Vietnam and the alliance, have sold hundreds of thousands of hectares of our land, water, seas, and islands. They have gone so far as to slice our nation's flesh for sale at will. Our nation, which used to be endowed with honor and dignity, has

now ceased to exist as a nation, a state, and so on. So, do the two heads, the out-and-out lackeys of communist Vietnam and the Western alliance, still have the forces of our nation and people with them? No. What they have are our nation and people's conflicts, hatred, opposition, and struggle against them everywhere. Our nation and people have conducted all kinds of arduous and persistent struggles to protect their lives and defend their nation and race. Old and new enemies have been in conflict not only with the CNRF of our nation and people and the poor peasants but also with students, public servants, and our top national political figures at home and abroad. They have also been in conflict with the king. They have gone so far as to detain the king, preventing him from seeing his subjects. Our nation and people are well aware of these things. So, the two heads' military and political forces have already been completely dispersed. The two heads no longer exist. Only one head, which is the head of communist Vietnam, remains. And it stinks.

The two heads' economy is (?down). The United States and the other allies have given money to the two heads, but they have wasted it completely. The money is all spent up, but the United States and the alliance continue to give so as to prevent the two heads from dying too soon and to further fuel the war. The two heads have become so poor that they have used the United States' dried rice to hire the poor peasants to fight. Nevertheless, although being so poor and so starving, do the Cambodian people allow themselves to be hired? do they accept their dried rice? and do they agree to fight and die for their head to kill their own nation and people? No, in spite of their hardship, the poor peasants are determined to struggle. While one hand tills land to plant rice and corn to make a living, the other uses their homemade weapons, such as firearms, mines, punji stumps, punji pits, plain stakes, poison-tipped stakes, arrows, and bows, to pursue the struggle. In particular, they struggle to dismantle and mop up the enemy communal and village administrations in order to liberate their villages, communes, land, rice fields, and orchards.

The war strategy of the two heads, the out-and-out lackeys of communist Vietnam and the Western alliance, which depends on the United States' dried rice is only occasionally triumphant. The two heads cannot wage war strategically since the unscrupulous foreigners do not make war themselves. So, the longer they continue fighting, the more they become bogged down. They will be killed and their corpses will float down the river.

As for our nation and people's forces, be they political forces, popular forces, military forces, forces at liberated bases, village guard forces, forces at advanced bases, or

economic forces supporting themselves and assisting the struggle, and so on, they will continue to strengthen and expand in all fields and sectors.

3. Now, what are the conflicts involving the old and new enemies? They are the conflicts requiring them to settle their own internal conflicts first before destroying the forces of the Cambodian nation and people. If they are not able to settle their internal conflicts, they can never ever destroy the resistance forces of our nation and people. Anyway, how can they settle their internal conflicts, since their political and economic interests have already been completely seized by communist Vietnam and since the forces of the United States and the Western alliance have already been eliminated?

[Correspondent] Yes. In Tokyo, several conditions were imposed by the United States and the other Western allies. What is your opinion about that?

[Khieu] Yes, it was true. First, they were only nugatory promises. Second, with the promises, there were a lot of conditions, the most important of which was that communist Vietnam and its out-and-out lackey puppet Hun Sen must stop destroying the forces of the United States and the Western alliance. The conflicts between communist Vietnam on the one hand and the United States and the alliance on the other still exist. The conflicts stem from the true natures of communist Vietnam and the United States and the alliance. The two natures are contradictory and opposing. They can only remain together for a short while. After that, war will continue to rage and the conflicts between the old and new enemies will further escalate and deepen. As a result, they will oppose each other more and more fiercely. It is not always possible for them to join forces to fight the national resistance forces and our nation and people effectively. The United States and the other Western allies cannot kill two birds with one stone. It is impossible. They will miss both of them.

[Correspondent] Yes. Could you elaborate?

[Khieu] Yes. The strategy of the United States and the Western allies toward the present-day Cambodia is a dim-witted one. Should the United States and the alliance persist in joining communist Vietnam to fan the flames of the communist Vietnamese war to kill the national resistance forces and the Cambodian nation and people, communist Vietnam and its out-and-out lackey puppets will certainly be able to detect the weak points of the United States and the Western allies; then they will trample upon the United States and the Western allies ceaselessly. The United States and the alliance have nothing to protect their forces. It should be remembered that the two-headed administrations, from Phnom Penh down to the villages and communes,

belong to communist Vietnam 100 percent. The army and the police, be they in the open or covert, are under communist Vietnam's control 100 percent. If they want to protect their forces in Cambodia, the United States and the allies must stop colluding with communist Vietnam to kill the Cambodian nation and people. In doing so, the United States and the allies will gain strength.

[Correspondent] Yes. What are the United States' and the allies' strong point over communist Vietnam and its out-and-out lackey puppets?

[Khieu] Yes. The strong point the United States and the allies have over communist Vietnam and its out-and-out lackey puppets is money. If the money to communist Vietnam and its out-and-out lackey puppets is stopped, as called for by Cambodian political figures at home and abroad, where can communist Vietnam get money to feed Hun Sen, Chea Sim, and Sar Kheng and to feed the communist Vietnamese puppets' army and police and the communist Vietnamese Dac Cong troops? Under such circumstances, communist Vietnam and its out-and-out lackey puppets can no longer remain as masters of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], ANKI [National Army of Independent Cambodia], and other Para troops. They can no longer kill the Buddhist Liberal Democratic Party of His Excellency [H.E.] Son Sann and the Khmer Nation Party of H.E. Sam Rangsi. So, Cambodians will then be able to join hands to solve their own problems, and human rights, democracy, a multiparty system, stability, and security will then be restored to Cambodia.

All in all, whatever the path chosen by the United States and the Western allies, I believe that the Cambodians in and outside the country will not remain with their arms folded, allowing themselves to be killed by communist Vietnam and its out-and-out lackey puppets. Only these guys Ranariddh, Ieng Muli, and Sieng Lapresse, are willing to die under the sole of communist Vietnam and its out-and-out lackey puppet Hun Sen. Others, despite their being the friends of the United States and other Western major powers, will not remain with their arms folded, allowing themselves to be killed by communist Vietnam and its out-and-out lackey puppets. They will join forces with the Cambodian nation and people to carry out various kinds of struggles in accordance to their concrete situation, no matter what.

[Correspondent] Thank you. Before saying goodbye, could you say something to conclude your interview?

[Khieu] Yes, thank you, the representative of the PGNUNS radio. I would like to say the following:

I wish to recall that the objectives of the struggle pursued by the Cambodian nation and people are:

1. To end the communist Vietnamese war of aggression.
2. To reconcile the nation within an independent, sovereign, and united Cambodia with its territorial integrity and borders recognized internationally before 1970 according to the 1:100,000 scaled map; under a free-market and pluralistic system and a parliamentary regime, where the three state organizations — the legislative, executive, and judicial branches — are distinctly separated and where human rights, democratic rights and freedom, the right to write press articles, the right to set up associations and political parties, and the right to demonstrate and strike to protect union interests are respected. Our nation and people will painstakingly struggle until a full-fledged Cambodian nation genuinely endowed with water, land, natural resources, economy, civilization, culture, traditions, and literature is restored. Cambodia should not be like the present one, where large chunks of its territory in the east and in the interior of the country have been cut off by Vietnam. Cambodia is not a nation where unscrupulous foreign merchants can buy large blocks of land here and there for 70 or 90 years; it is not a nation where almost 5 million Vietnamese can come and remain as masters, especially in some important and money-making regions. Our nation and people will strive to struggle until a Cambodian state genuinely belonging to them comes into existence. The state will not be like the one owned by communist Vietnam and its out-and-out lackey puppets Hun Sen, Chea Sim, and Sar Kheng, where the legislative, executive, and judicial branches; the army; police; public services; ministries; departments; provinces; districts; communes; and villages — be they open or covert — are presently under communist Vietnam's total control.

All these are the strategic objectives of the struggle carried out by our nation and people from all social strata. Nothing else except this. For certain, the Cambodian nation and people will struggle to achieve the aforementioned objectives, for they have no other alternative but to struggle to survive. This is the most sacred right of the Cambodian nation and people. The nation and people will be able to perpetuate their struggle. As for the Khmer Rouge being a pretext, it has already been completely discarded following the tenacious, tortuous, and arduous struggle pursued by the Cambodian people from a variety of social strata over the past 17 years, particularly during the last three years. At present, our nation and people from all social strata have already clearly separated the communist Vietnamese aggressors, the malicious allies, and the two heads — the nation-

betraying, people-betraying, nation-killing, and people-killing out-and-out lackey puppets of communist Vietnam and the allies — from the resistance fighters and those who love the nation and people, who share life and death with the people, and who are struggling to save the nation and people under all circumstances. No one can blur this, come hell or high water.

Cambodia: Commentary Ponders China's All-CPP Invitation

BK2507105296 Phnom Penh ARIYEAKTHOR in Cambodian 19-20 96 pp 1, 3

[Comment by A. Th.: "Is China Leaning Toward the CPP?"]

[FBIS Translated Text] In the time of Sangkum Reas Niyum [Sihanouk's political party in the 1960's], the PRC maintained relations with the Royal Government of the Kingdom of Cambodia under Samdech Norodom Sihanouk while secretly supporting the Khmer Rouge movement, which was fighting against Samdech Norodom Sihanouk.

After the event of 18 March 1970, the government of Marshal Lon Nol immediately severed all diplomatic ties with the PRC. At that time, China was feeding and sheltering Samdech Sihanouk in Beijing while giving full military and political support to the Khmer Rouge, who were waging a war to topple the Khmer Republic set up by those who had engineered the coup to depose Samdech Sihanouk.

Following the Khmer Rouge victory of 17 April 1975, China did not even try to bring Samdech Sihanouk back to power. On the contrary, it continued to lavish assistance and support on the Democratic Kampuchea regime of Pol Pot, Ieng Sary, and Khieu Samphan and it allowed these Khmer Rouge leaders to jail and treat Samdech Norodom Sihanouk as badly as they liked.

After the Democratic Kampuchea regime collapsed on 7 January 1979, China continued its support for the genocidal Khmer Rouge and Samdech Sihanouk's resistance movement in a protracted war against the ruling regime of the Cambodian People's Party [CPP].

When the monarchy was restored under the Second Kingdom in 1993, China restored diplomatic relations with the Kingdom of Cambodia under the reign of King Norodom Sihanouk Varaman.

On 18 July 1996 China invited Samdech Hun Sen for an official visit to Beijing at the head of a delegation composed entirely of CPP members. This generated considerable perplexity and alarm among most political analysts.

As we have already mentioned, when Cambodia was under Sangkum Reas Niyum, China supported Samdech Norodom Sihanouk while also helping the Khmer Rouge movement against Samdech Norodom Sihanouk. Does China want to play the same old trick of the 1960's again, now that publicly it appears to be giving Samdech Sihanouk vigorous support while making secret contacts with the CPP, which is a sworn enemy of the Khmer Rouge and a former foe of China itself?

Recently, China restored diplomatic relations with Vietnam, the CPP's partner in the move to topple the genocidal regime in Cambodia.

China's invitation to Samdech Hun Sen at the head of an all-CPP delegation for a visit might lead some analysts to think that China now wants to woo the CPP in a bid to revive the communism that its former partner, the Khmer Rouge, had removed from the hearts of the Cambodians. Maybe China believes that only the CPP can do something about this.

Although China now seems to be leaning toward the CPP, it should be known to all that Cambodia will never embark on communism again as in the past; for no matter how strong and firm the CPP becomes, this party will never walk back to where it came from and step on its own droppings, as some other parties have done.

Indonesia

Indonesia: Christopher's Meeting With Rights Commission Viewed

BK2507080096 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 25 Jul 96

[From the press review]

[FBIS Translated Text] SUARA KARYA believes the National Commission on Human Rights [Komnasham] has produced enormous results despite its relatively young age. When it is compared to similar institutions in other countries, it can be said that Komnasham has played a central role in upholding human rights principles. SUARA KARYA is also interested in the meeting between Komnasham officials and U.S. Secretary of State Warren Christopher. During the meeting, Christopher praised Komnasham's role—namely, monitoring the human rights situation in Indonesia. The U.S. secretary of state was also satisfied with the progress made by Komnasham and recalled his meeting with the commission officials two years ago.

Meanwhile, PELITA says the human rights issue is still a topic of concern for people throughout the world, including in developed countries. People should assist

each other in solving human rights issues. We must, however, reject an offer of assistance given with a patronizing attitude toward our human rights situation. Besides, our government, which has established its own human rights commission, is still willing and capable of financing its operations.

Indonesia: Defense Minister, Lao Foreign Minister Hold Talks

BK2507124796 Jakarta TVRI Television Network in Indonesian 1000 GMT 25 Jul 96

[FBIS Translated Text] Defense and Security Minister Edi Sudrajat and Sunardi, ministerial staff in charge of foreign affairs, received a courtesy call from Lao Foreign Minister Somsavat Lengsavat in Jakarta today. The Lao foreign minister is in Jakarta to attend the ASEAN Regional Forum meeting.

During the meeting, the Lao foreign minister conveyed the Lao defense minister's message to explore ways to expand bilateral ties, especially in defense and security. In response, Minister Edi Sudrajat invited the Lao defense minister to visit Indonesia and discuss bilateral cooperation.

Indonesia: Suharto Meets PDI Rebel Faction, Endorses Medan Congress

BK2507073796 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 25 Jul 96

[FBIS Translated Text] President Suharto hopes that the PDI [Indonesian Democratic Party] central executive board will continue to enhance unity and integrity while remaining vigilant against external forces that want to interfere in its affairs. The president said this when he received a courtesy call from a delegation of the PDI board led by its chairman, Suryadi.

Speaking to reporters, Suryadi said the president supports the PDI's consolidation efforts during the past month and endorses the outcome of the PDI congress in Medan. The PDI board presented the outcome of the Medan congress, as well as the results of the PDI's internal consolidation, to the president.

Indonesia: Military Vows 'Strong Action' Against PDI Free Speech Forum

BK2507112996 Jakarta TVRI Television Network in Indonesian 1000 GMT 25 Jul 96

[FBIS Translated Excerpt] Major General Sutyoso, commander of the Greater Jakarta Military Region, says he will take strong action against the PDI [Indonesian Democratic Party] free speech forum on Jalan [Road] Diponegoro in Jakarta because the forum disrupts public order.

Speaking after he attended a ceremony installing the new commander of Greater Jakarta's Garuda cavalry unit this morning, Maj. Gen. Sutyoso said he will take strong action against the free speech forum because certain people who want to disrupt security and order are behind it. Other organizations have also called for an end to the free speech forum.

[Begin Sutyoso recording] The free speech forum at 58 Jalan Diponegoro has been used for wrong purposes and causes anxiety to people in general. We have evidence for this. We also interpret the Indonesian Armed Forces' remarks several days ago as an instruction to local officers to take necessary action. [end recording] [passage omitted on ceremony for the new cavalry unit commander]

Indonesia: Police Officially Ban Daily PDI 'Free Speech Forum'

BK2507122096 Jakarta THE JAKARTA POST in English 25 Jul 96 p 2

[Unattributed report]

[FBIS Transcribed Excerpt] Jakarta (JP) — The National Police has formally banned the free speech forum held daily by the overthrown faction of the Indonesian Democratic Party (PDI) on the grounds that it disrupts public order and is becoming an unconstitutional gathering.

The ban dated July 23 was issued by the Chief of the Menteng sub-district police Captain Zulkarnain and delivered to the party's headquarters on Jl [Road] Diponegoro, Central Jakarta, in the evening of the same day.

"They (Megawati's supporters) have been asked to immediately stop the free speech forum," chief spokesman for City Police Lieutenant Colonel Iman Haryatno told reporters yesterday.

Iman was accompanied by spokesman for the Jakarta's Coordinating Board for National Stability Lt. Col. Didi Supandi.

Reading the police decree, Iman said that the ban was issued because the free speech forum had become an arena in which speakers provoke people to topple the government.

"The free speech forum has also disrupted public order and caused traffic jams around the party's headquarters," he said.

The ruling political grouping Golkar [Functional Group] yesterday expressed opposition to the free speech forum.

Deputy chairman Pinantun Hutasoit warned against the forum being used for "political revenge".

He did not say what he meant by political revenge. He said that the free speech forum set back Indonesia's political development by half a century.

"The free speech forum and the increasing number of street protests show that our national unity is in trouble," he was quoted by ANTARA as saying. He added that it was best for political players to negotiate conflicts among themselves.

He also said that the free speech forum did not benefit people's political education.

"I notice a political maneuver behind the free speech forum. I hope the forum is not being held partly for political revenge, but as an expression of dissatisfaction with the performance of national political institutions," he said.

He said he regretted that the forum had become involved with international institutions: "It has become a political commodity for both local and foreign consumers."

He said that Megawati's supporters, who established the forum should use the law to air their grievances. "Let us solve problems in the traditionally acceptable way, namely through discussion," he said. [passage omitted]

Philippines

Philippines: Accord To Expand South China Sea Projects With SRV Forged

BK2507070196 Manila PNA in English
0930 GMT 24 Jul 96

[Received via Internet]

[FBIS Transcribed Text] Manila, July 23 (PNA) — Vietnam and the Philippines have agreed to explore other options to expand their joint cooperation projects in the South China Sea and further deepen their bilateral relations.

The commitment resulted from a side bilateral meeting between Vietnam's Foreign Minister Nguyen Manh Cam and Philippine Foreign Affairs Secretary Domingo Siazon at the recently concluded ministerial summit of the Association of Southeast Asian Nations (ASEAN) in Jakarta.

The two foreign ministers agreed that their countries' ties have significantly progressed lately with more contacts between their leaders.

A Department of Foreign Affairs [DFA] statement said Nguyen has conveyed Vietnam's appreciation for all the assistance the Philippines has extended it including the

strong Manila advocacy of its membership in ASEAN, as well as the Philippines' training assistance to it in English language.

The DFA said Siazon also reiterated the Philippines full support for Vietnam's membership bid in the Asia-Pacific Economic Cooperation (APEC) forum which also got the endorsement from the other ASEAN foreign ministers.

Siazon, who accepted an invitation to visit Vietnam later this year for the next Manila-Hanoi bilateral talks, said the Philippines looks forward to continuing close cooperation with Vietnam both bilaterally and in the context of ASEAN.

Philippines: 'Foreign Ships' Reportedly To Deliver Arms to Groups

BK2507110896 Manila THE PHILIPPINE STAR
in English 19 Jul 96 p 6

[Report by Romel Bagares]

[FBIS Transcribed Text] Police and military authorities are closely monitoring coasts and other "transshipment points" in the country in the wake of intelligence reports that foreign ships from Baltic States are heading for the Philippines to deliver Russian-made arms to unidentified armed groups.

This developed as another intelligence report bared that a large arms cache consisting of two B40 portable rocket launchers, 500 B40 rockets, and 145 AK-47 assault rifles, all Russian made, was smuggled into the country through Basilan Island sometime in the first week of June.

The arms landing was intended for Nur Misuari's Moro National Liberation Front (MNLF), according to the intelligence report.

Sources in Camp Crame [police headquarters], quoting a new intelligence report, said that "ships bearing the flags of Costa Rica, Cyprus, Lebanon, and Liberia are bringing in Russian war materials from ports in the Baltic states to the Philippines."

The report however, did not pinpoint the exact countries of origin of the alleged arms shipment or the groups it was intended for.

There were no details on the quantity and kinds of weapons allegedly contained in the shipment or on the exact dates the ships left the Baltic region and the dates of arrival in the country.

The two intelligence reports, according to sources, were received by military authorities in early July. The

information was immediately relayed to police regional commands all over the country.

"Conduct intensive monitoring and reconnaissance operations in any possible transshipment points to interdict the planned deliveries," a radio message sent by military authorities to their police counterparts said.

The Baltic region, from which the arms shipment allegedly originated, is home to countries which once belonged to the now defunct Union of Soviet Socialist Republics (USSR).

According to international arms monitoring agencies, the independent Baltic republics of Estonia, Lithuania, and Latvia, now hungry for cold cash, are offering for sale to any takers arms stockpiles they inherited from the union, which collapsed in 1989.

The stockpile, which includes both conventional and nuclear weapons, is a major headache to Western states which fear the weapons, especially the nuclear ones, may fall into the wrong hands.

Thailand

Thailand: Official Says China Set To Become MRC Member

BK2507110096 Bangkok THAILAND TIMES
in English 25 Jul 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok: China is set to become a member of the Mekong River Commission (MRC) by the year 2000, after its first formal dialogue meeting with four other countries in the lower Mekong River basin, said a senior official.

Krit Kraichiti, chief of Foreign Ministry's Treaty Division, yesterday said China would most likely join the commission as it would greatly benefit from its planned navigation cooperation and hydropower deal with Thailand.

He said China's decision to join the MRC is "politically motivated".

The MRC is a new mechanism initiated by Thailand, Cambodia, Vietnam, and Laos two years ago.

The chief of Energy Development and Promotion Department Prathet Sutabut said China will participate in the first formal dialogue meeting of MRC countries in Bangkok tomorrow.

Krit, who was attending the fourth meeting of the Joint Committee of the MRC yesterday, said that the agenda of the first dialogue meeting between the MRC and China includes the proposal to change China's water utilization of the Mekong river in Chinese territory.

He said the MRC will propose to set the coordinates from which to get the data about water level as affected by China's activities on the river.

China operates a number of hydropower dams in the Mekong river which have affected the natural flow of the river.

China needs to make a deal to sell its hydropower to Thailand and give Yunnan province (a landlocked part of China) access to the seaports in Thailand, Vietnam and Cambodia. Krit said China needed to cooperate with the MRC on the issues of water level and river navigation for the greater benefit of a hydropower deal and the opening of Yunnan province.

Burma will also participate in the first formal dialogue meeting of the MRC.

Thailand, Cambodia, Laos and Vietnam have designed a new and more effective guideline concerning water utilization in the Mekong river. The MRC seeks to make the most effective use of the Mekong river among MRC member nations.

Thailand: Relations With Taipei Continue To Improve

BK2507110296 Bangkok THAILAND TIMES
in English 25 Jul 96 p A4

["Diplomatic Roundup" by Bob Noor: "Taipei-Thailand Relations on the Way Up and Up"]

[FBIS Transcribed Text] Dr. Hsu Chang-Heng Henry Hsu, Advisor and Director of the Secretariat Division at the Taipei Economic and Trade Office, in response to a question by Thailand Times said: "Our investment is around US\$7 billion (approximately 178.50 billion baht), we are now the fourth largest investor in Thailand. Earlier Taiwan had the distinction of holding the number one position but now Hong Kong businessmen have taken over in a big way pushing Taipei to fourth place, he smiles.

In reply to a question on how deeply Taipei has invested in ASEAN (Association of Southeast Asian Nations), Dr Henry Hsu told Thailand Times in an exclusive interview at the Hyatt Eravan Hotel, in ASEAN, Indonesia takes the largest share of Taiwanese investment with US\$8.1 billion, probably because of its large population, closely followed by Malaysia with US\$7.6 billion, and US\$7 billion in Thailand. In Vietnam, which is a new emerging country, Taiwan has invested so far about US\$3.5 billion and the amount is expected to increase shortly.

The lowest Taiwanese investment is in the Philippines with only about US\$ 0.9 billion. This is specifically so

because of the political instability, industrial strikes and kidnapping of Chinese in that country. Most Taiwanese investors prefer to avoid the former Spanish and American colony because of the fear of being kidnapped by bandits.

By far the largest Taiwanese investment is in mainland China, where the Taiwanese private sector has invested over US\$13.5 billion, almost double the figures of Thailand.

Asked what was the secret that made Taiwan an island of 21 million people such an economic power in so short a time with over US\$96 billion reserve funds to its credit, Dr Hsu Chang-Heng Henry Hsu said: "There is no secret, it was the urge to learn, acquire knowledge, hardworking, entrepreneurship and determination of a people to improve their standard of living."

Taiwan-Thailand two way trade has been steady in the region of US\$4.5 billion and both sides seems happy with increasing prospects for more trade between the two countries, he said.

Another most important contribution towards the growth of the Thai economy seems to come from tourism. It is reported that over half a million Taiwanese people visit Thailand each year. According to Thai newspaper reports and the tourism authorities, the foreign exchange earnings from Taiwanese tourists alone is about 15 billion baht a year. Every tourist stays at least one week in the Kingdom. On average they spend about US\$1650 per person during their visits for accommodation, food and traveling he explained.

The other important relationship between the two countries is the employment of Thai workers in Taiwan. "From my office in Bangkok, we have issued a total of 280,000 visas for workers. According to Labor Department authorities, at present Taiwan is the biggest single country that employs such a large number of Thai manpower," he said, adding our current estimates are that there are about 180,000 Thai workers in Taiwan."

It is acknowledged by the Thai Labor Ministry that Thai workers in Taiwan have remitted over 27.5 billion baht to their homes during the last three years. This is because of the high minimum wage in Taiwan which is 14.40 [figure as published] baht for both the local and expatriate workers. Thus, if one is prepared to work hard he could earn between 15,000 to 25,000 baht or more per month, said Henry Hsu.

"Our labor policy is no discrimination against any local or foreign workers. The wages are the same and Taiwanese businessmen prefer to employ Thai workers because in general it is acknowledged that Thai workers are more efficient, hard working and disciplined." he

said. That may be one of the reasons why there is so much harmony between the Thai worker and his Taiwanese employer.

Another aspect to better understanding of each other is the cultural and religious background of the two peoples. "Our customs and beliefs are almost the same as that of the Thai people," he said.

Dr. Henry Hsu was posted in Vietnam two years before his assignment in Bangkok. During his stay in that country, he said "only 750 visas were issued in one year but here in Bangkok there are days when 1000 visas had been issued during a single day."

Similarly, according to reports there have been occasions when the Thai Representative Office in Taipei has issued about 2000 visas on a single day for tourists. Thus, the two way visits have also complemented to widen understandings between our two peoples he said. Moreover, there is over an 80,000 strong Taiwanese business community in Thailand.

At first, when businessmen came over here with their families, they found it difficult to find suitable schooling for their children. That was one of the problems at the beginning, but since recent times, the availability of good international schools in Bangkok — not second to any in the developed world — have greatly helped the expatriate business people to bring their families down here as well because they could now send their children to school here in Bangkok. These families also have plenty of relatives visiting them throughout the year he explained.

On the educational side, Taiwan provides scholarships for technicians to undergo further training on specialized technological fields in Taiwan. "Until now we have had about 760 scholarships awarded to Thai technicians," he said, adding, "during their 3 months training, their accommodation, food and traveling expenses are provided by our government, especially by the Land Reform Ministry which supervises the agricultural training for overseas student programs." We also participate in one of the royal projects in Chiang Mai. This project has been an on going program for nearly 25 years. We are happy to be associated with this project. In this project we send about three agricultural technicians from Taiwan to the northern capital of Chiang Mai with roots, seeds and train Thai farmers on how to increase output through new techniques to boost agricultural produce in Thailand.

The Chiang Mai Royal Project was initiated to educate and train the northern farmers who were involved in maintaining opium poppy and other harmful drug

plantations for their living. That was the time when drugs were a big problem in that part of Thailand.

The program was to help rehabilitate the farmers, both in their approach and diversification to other substitute crops and means of profit other than being the producers of raw materials for the drug trade. The results of our joint efforts have been very encouraging and good. "Now everybody has some sort of skills and know how to grow alternative crops to increase their income," he said.

Asked about future plans and funds for the program he said: "The Taiwan government provides the funds for the program in Chiang Mai and has already planned to expand its activities by constructing a training center in the northern province to train a larger number of agricultural technicians."

Even without any diplomatic relationship between Taiwan and Thailand — like 36 other nations with which Taipei has similar relationships — this is a very substantial achievement by any standard measure.

Thailand: Economists Urge Government To Tackle Economic Problems

BK2507105496 Bangkok *THE NATION* in English
25 Jul 96 pp B1, B2

[Report by Phichaya Changson and Charuwan Loetwinyu]

[FBIS Transcribed Text] The Banhan administration must demonstrate its courage by tackling pressing economic problems caused by its own incompetence, even if that hurts some interest groups, said a group of leading economists.

The government must get to the root of the country's economic problems instead of focusing on ad-hoc policies to smooth over complaints, which only leads to more complicated situations, said a group of economists at a seminar entitled "Thai Economic Policy at This Turning Point", held yesterday by the Economics Association of Thailand.

"No policy can benefit everyone. But administrators must be more decisive in launching correct, transparent and practical policies even if that is not an easy task when the economy is in a slump," said Sathaphon Kawitanon, the secretary general of the Board of Investment.

The Kriangsak administration's decision to float oil prices and the Prem government's devaluation of the baht were examples of decisive action. During this transition period, when Thailand should be focusing on infrastructure, human resources and tax measures to

stimulate savings, the government must not implement tax measures to satisfy its own political and economic aims.

Narongchai Akkharaserani, chairman of General Finance & Securities Plc [Public], said the government must first cut public spending in an effort to reduce the current account deficit, so that the deficit will not affect the value of the baht or the competitiveness of local industry.

"The government has failed to tackle the problems at their roots, resulting in unusually chronic symptoms," Narongchai said.

"A current account deficit running at 8 per cent is not a problem for national economic stability if the government clearly intends to cure economic problems. Foreign investors are waiting to see that," said Chalongsop Sutsangkan, president of the Thailand Development Research Institute.

The economists derided the Finance Ministry's proposal to reduce the corporate income tax from 30 to 27 per cent in an effort to restore investor confidence. Instead, they agreed that tax measures to promote savings were urgently needed. Currently, corporate income taxes and value-added taxes are the largest contributors to the national coffers.

Suphachai Phanitchaphak, a Democrat MP and a leading economist, added the government should not be so confident that the new measures would not affect the country's revenue collection at this time of growing public sector spending.

"The government should not be so sure that it can maintain the budget surplus built over the last eight years. The cuts might not encourage investment or better the economic picture. Without a better economic environment, the measure will only encourage companies to pay more dividends to shareholders, not to reinvest the higher profits," Suphachai said.

A high-level official with the Fiscal Policy Office said Thailand's tax revenues will begin to fall within five years. On annual nominal gross domestic product growth of 13 to 14 per cent, collected tax revenue would grow only 15 to 17 per cent per year.

Chalongsop said the government should be aware of the possibility of a budget deficit if government revenue declines.

Bandit Nichathawon, director of Bank of Thailand's economic research department, said the government's priority now is to make sure it can reach its targeted revenue. It should be very wary of any policies that could reduce revenue.

The proposed measures could weaken the nation's fiscal position. If the government wants to cut taxes, it must do so in a package so that new problems do not develop."

Suphachai urged the government to show its courage by scrapping long-delayed projects rather than injecting money into them.

"The government has displayed its administrative abilities by successfully attracting well-known economists and academics. But it has failed to clearly address problems and remedial measures," he added. Suphachai and Chalongsopha said that measures to boost economic growth are not a priority. The government should accept the 7.6 per cent growth rate during the economic slowdown, and focus on infrastructure development to sustain another Golden Time beginning around 1998. The government has only to tackle the trade and current account deficits to boost investor confidence.

Tirana Phongmakaphat, director of the Chulalongkorn Economics Research Centre, said Thailand is entering a new era of competition and that means economic measures must be reformed.

However, the government has failed to recognise this trend by continuing with its high interest rate policy to curb deficit.

Thailand Moves To Raise Excise Tax on Luxury Goods

*BK2407070596 Bangkok BUSINESS DAY in English
24 Jul 96 p 2*

[FBIS Transcribed Text] The Government is moving fast to raise excise tax on luxury pursuits to tackle the current account deficit, with new rates due to be announced later this week, Finance Minister Bodi Chunnanon said yesterday.

Hardest hit will be yachting enthusiasts, wine and champagne drinkers and big car buyers, with rug and carpet collectors also being targeted by the taxman.

Speaking after yesterday's Cabinet meeting, Mr. Bodi declined to elaborate on the details of the tax measures. These could not be revealed prior to implementation because doing so could have a negative impact on the economy, he said.

However Deputy Finance Minister, Praphat Phothasuthon was more forthcoming, saying new excise tax rates would be slapped on three imported luxurious items namely yachts, wine and champagne and carpets.

The excise tax on yachts will be raised from the current 5 percent to 50 percent, wine and champagne from 20 percent to 40 percent and carpets from zero to 20 percent, he said.

Mr. Praphat said the Cabinet had given the Juridical Council one day for interpretation of legal terms and the resolution is expected to be implemented as a ministerial regulation within the week. The Cabinet planned to use the excise tax option instead of import duty so as not to violate the trade liberalization accord under the World Trade Organization (WTO).

The Cabinet yesterday also considered an increase of excise tax on passenger cars with an engine capacity of 3,000cc and over. These cars are currently subject to an excise tax of 45 percent. Ministers assigned the Excise Department to calculate the new rate and the result is expected at next week's Cabinet meeting.

The Land Transport Department was also instructed to study an increase of annual tax registration of cars in this category, Mr. Praphat said.

He added the Cabinet discussed a reduction of the corporate tax from 30 to 28 percent to boost private sector investment. This would be effective immediately after Cabinet approval.

But raising the VAT rate from 7 to 8 percent was not on the agenda as it would have an adverse effect on the general public, he said.

The move to raise duties on some luxury items comes just weeks after the Cabinet voted to slash duties on other luxury consumer goods, including watches, high-class clothing, perfumes and glassware.

The rationale behind this move was again to help reduce the current account deficit by discouraging Thai consumers from traveling abroad to buy their luxury items. It was also hoped that offering luxury goods at cheap prices would attract more tourists, which would also help to cut the current account deficit.

Thailand: New Defense Approach Over Military Satellite

*BK2507080896 Bangkok THE NATION in English
25 Jul 96 p A3*

[Report by Utsani Mongkhonphon]

[FBIS Transcribed Text] Phattaya — The Defence Ministry is to use a more transparent approach in its effort to revitalize its controversial military satellite project and obtain broader support from the public.

The military satellite scheme, known as the Star of Siam, was blocked before it reached the Cabinet as opponents questioned the project's cost, estimated at some Bt10 billion.

Defence Minister Chawalit Yongchaiyut then adopted a transparent approach where the concerned officers were

allowed to explain to the public the rationale behind such a system so that they had a better understanding.

A Defence Ministry source said several companies would be involved in the project as against the one envisaged earlier. This would ensure that the risks were divided and the investment was spread out.

Earlier, some defence officers pointed out that the British government and its private sector would benefit because their advice had been sought when the plan was being drawn up. The source said an expert from each company would be selected and given specific jobs to avoid any conflict and "too much competition".

To help with the transparency about 200 people will today attend a two-day seminar on the system, co-sponsored by the Thai private sector.

The seminar will include major players in the satellite sector, including the United States, Russia, France and Britain. Guest speakers are to include representatives from Samanco-CTA of the US, Russia's Rosvooronzhenie, France's Aerospatiale in partnership with Alcatel and Thompson, and Matra Marconi from Britain.

Thailand: Chawalit Denies Power Struggle With Prime Minister Banhan

BK2507105696 Bangkok BANGKOK POST
in English 25 Jul 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Defence Minister Chawalit Yongchaiyut yesterday assured all is still well between Prime Minister Banhan Sinlapa-acha and him.

Amid rumours that his relationship with Mr Banhan has turned sour, Gen. Chawalit denied speculation that this year's annual military reshuffle could lead to a conflict between the New Aspiration Party (NAP) leader and the Premier.

He also dismissed rumours that Mr. Banhan would replace the NA² with Chat Phatthana as a coalition partner.

Gen. Chawalit insisted he and Mr. Banhan met and talked regularly and that both understood each other well.

There have been reports that Mr Banhan and Gen. Chawalit are competing to build up popularity among military leaders.

Mr. Banhan is said to have close ties with Supreme Commander Wirot Saengsanit and Supreme Command Chief-of-Staff Mongkhon Amphonphisit, while Gen. Chawalit is always seen accompanied by Army Chief Pramon Phalasin whenever he visits military units.

Gen. Mongkhon is one of the two top contenders for the post of Gen Pramon, who is due to retire in September. The other candidate is Deputy Army Chief Chettha Thanacharo, who is said to have the support of Gen. Chawalit and Gen. Pramon.

Gen. Chawalit himself has been accused of attempts to wrest the premiership from Mr. Banhan.

The minister yesterday said he and Mr. Banhan had made it clear among themselves this year's military reshuffle would be strictly a "military affair" and armed forces leaders and the Supreme Command would work out reshuffle lists together.

Gen. Chawalit stressed the reshuffle would follow all regular procedures and the chain of command.

The minister added he wanted the military reshuffle treated as a normal phenomenon since "it is not a matter of life and death."

But the minister did not assure this year's reshuffle would be free of political meddling.

Gen. Chawalit was last year reported to have interfered with the reshuffle by promoting Gen. Pramon to head the Army instead of strong candidate Phaibun Emphan, who was finally appointed permanent secretary for defence.

But the minister said the situation had already changed.

"After we had cleaned our house and put things in order, everything would proceed as it should," Gen. Chawalit said.

While insisting he would make things right regarding the military reshuffle, Gen. Chawalit declined to say whether he would consult the Prime Minister about the lists or not.

The minister said he already had regular meetings with Mr. Banhan every Tuesday and every other Monday.

Gen. Chawalit also denied reports he and Democrat secretary-general Sanan Khachonprasat and Muan Chon leader Chaloei Yubamrung had pledged to be political allies during their meeting at a Bangkok hotel on Tuesday night.

He said he met with Maj. Gen. Sanan to clear up conflicts between Democrat members of the House Budget Scrutiny Committee and the military over the 1997 defence budget.

Gen. Chawalit denied the meeting had other objectives.

"New Aspiration has said several times we could not betray our friends," he said.

A source claimed Gen. Chawalit, Maj. Gen. Sanan and Pol. Capt. [Police Captain] Chaloem agreed the Government would not last longer than September.

According to the source, Maj. Gen. Sanan told Gen. Chawalit that the Democrat Party would support him as the next premier if he could topple Mr. Banhan, and that the three parties would try to form a government together after the next general elections.

The source claimed Pol. Capt. Chaloem had pledged to stop protecting Mr. Banhan and stop attacking the Democrats.

Another meeting was scheduled before an imminent censure debate, the source said.

Chat Phatthana leader Chatchai Chunhawan, meanwhile, said the meeting between Gen. Chawalit and Maj. Gen. Sanan should lead to an improvement in the political situation.

Gen. Chatchai added his party would not merge with Mr Banhan's Chat Thai.

Vietnam

SRV: State President Receives Bulgarian NA Guests

*BK2507101296 Hanoi VNA in English
0640 GMT 25 Jul 96*

[FBIS Transcribed Text] Hanoi VNA July 25 — The chairman of the Bulgarian National Assembly [NA] academician Blagovest Sendov, and his entourage, were received yesterday evening in Ho Chi Minh City by Vietnam's State President Le Duc Anh.

President Anh expressed thanks to the Bulgarian people for their past and present precious assistance to Vietnam.

He stressed that the time-honoured friendly and cooperative relations between Vietnam and Bulgaria have linked the two countries during difficulties and chal-

lenges. Based on the spirits of independence, self-reliance and sovereignty, Vietnam continues to expand its external cooperative relations, befriending all countries in the world, especially longstanding established friends which includes Bulgaria.

Mr. Anh said he believed this visit would further enhance the two countries' traditional cooperative ties, for the benefits of each nation and for peace and stability in the region and the world at large.

Mr Sendov highly appreciated the achievements recorded by the Vietnamese people in recent year and expressed his support for Vietnam's renovation policy.

He emphasized that the cooperation agreements and traditional friendly ties between Bulgaria and Vietnam would serve as a crucial basis for the development of the two countries' economic cooperation in the future.

SRV: Angola Wishes To Promote Closer Cooperation

*BK2507101796 Hanoi VNA in English
0700 GMT 25 Jul 96*

[FBIS Transcribed Text] Hanoi VNA July 25 — The Angolan Government and people wish to promote comprehensive cooperation with Vietnam, especially in the fields of economics, science, technology, and trade, according to newly-elected Prime Minister Mr. Franca Van Dunemon in Luanda on Monday. He was speaking while receiving Vietnamese Ambassador to Angola Pham Tien Tu.

At the reception, the Vietnamese ambassador conveyed a message of congratulations from Vietnamese Prime Minister Vo Van Kiet to Mr. F. Van Dunemon, and informed him of the achievements gained by the Vietnamese people in the past ten years of renovation and the results of the recent eighth party congress.

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